

{ COMMITTEE
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PUBLIC LAW 94-421

LEGISLATIVE HISTORY

COMMITTEE ON POST OFFICE
AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS
SECOND SESSION



OCTOBER 1976

Printed for the use of the Committee on Post Office and Civil Service

H.R. 8603
POSTAL REORGANIZATION ACT
AMENDMENTS OF 1976

PUBLIC LAW 94-421

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CONTENTS

	Page
Public Law 94-421, signed September 24, 1976.....	1
H.R. 8603, as reported by the House committee, July 24, 1975.....	11
House Report 94-391, to accompany H.R. 8603, filed by the House committee on July 24, 1975.....	43
Debate in the House on H.R. 8603, September 29 and October 30, 1975.....	87
H.R. 8603 as passed by the House November 3, 1975.....	215
H.R. 8603 as reported by the Senate committee June 21, 1976.....	243
Senate Report 94-966, to accompany H.R. 8603, filed by the Senate committee on June 21, 1976.....	285
Debate in the Senate on H.R. 8603, August 23 and 24, 1976.....	331
H.R. 8603 as passed by the Senate August 24, 1976.....	491
Unanimous consent request of Hon. David N. Henderson that the House agree to the conference asked by the Senate.....	511
House Report 94-1444, the conference report to accompany H.R. 8603, filed by the committee of conference August 31, 1976.....	519
Debate in the Senate on the conference report to accompany H.R. 8603, August 31, 1976.....	539
Debate in the House on the conference report to accompany H.R. 8603, September 10, 1976.....	541

(III)

Not during the period beginning on the date of the ratification of the Postal Service Act (1946) and ending on the date on which the Commission on Postal Service is required to transmit the final report required by the section 1 (1) (1) of the Postal Service Act Amendments of 1976 to the President and both House of Congress, the Postal Service shall:

(1) carry out the permanent or temporary rate of postage or fee for postal services, including the sale and use of stamps on the date of enactment of the Postal Service Act Amendments of 1976;

(2) provide the same type of postal services which are then being provided as the type of services provided on July 1, 1976;

(3) close any post office which is no longer needed regularly except those mail which was providing service on July 1, 1976;

(4) close any post office which is no longer needed except those which were providing service on July 1, 1976, unless the Postal Service has at the same time at least 50 percent of the regular postage of such office covered at least 75 percent of cost.

Not during the period beginning on the date of the ratification of the Postal Service Act (1946) and ending on the date on which the Commission on Postal Service is required to transmit the final report required by the section 1 (1) (1) of the Postal Service Act Amendments of 1976 to the President and both House of Congress, the Postal Service shall provide any delivery or collection of mail or other services, including collection of mail, other than those services to which service is being provided on or after the date of enactment of the Postal Service Act Amendments of 1976.

The Postal Service shall report to the Commission on Post Office and Postal Service and the Committee on Appropriations of the

Senate, general information on the operations of the Postal Service.

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Public Law 94-421
94th Congress, H. R. 8603
September 24, 1976

An Act

To amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Postal Reorganization Act Amendments of 1976".

SEC. 2. (a) Section 2401(b) of title 39, United States Code, is amended by striking out paragraph (3).

(b) Section 2401 of title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) (1) There is authorized to be appropriated to the Postal Service for fiscal year 1976 and for the period beginning July 1, 1976, and ending September 30, 1976, the amount of \$500,000,000 to be applied against the accumulated operating indebtedness of the Postal Service as of September 30, 1976.

"(2) There is authorized to be appropriated to the Postal Service for fiscal year 1977 the amount of \$500,000,000 to be applied against the accumulated operating indebtedness of the Postal Service as of September 30, 1977.

"(e) During the period beginning on the date of the appropriation of the funds under subsection (d) (1) and ending on the date on which the Commission on Postal Service is required to transmit the final report required under section 7(f) (1) of the Postal Reorganization Act Amendments of 1976 to the President and each House of Congress, the Postal Service shall not—

"(1) have in effect any permanent or temporary rate of postage or fee for postal services exceeding the rates and fees in effect on the date of enactment of the Postal Reorganization Act Amendments of 1976;

"(2) provide levels and types of postal services which are less than the levels and types of services provided on July 1, 1976;

"(3) close any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976; or

"(4) close any post office where fewer than 35 families receive their mail and which was providing service on July 1, 1976, unless the Postal Service receives the written consent of at least 60 percent of the regular patrons of such office who are at least 18 years of age.

"(f) During the period beginning on the date of the appropriation of the funds under subsection (d) (1) and ending on the date on which the Commission on Postal Service is required to transmit the final report required under section 7(f) (1) of the Postal Reorganization Act Amendments of 1976 to the President and each House of Congress, the Postal Service shall provide door delivery or curbside delivery to all permanent residential addresses (other than apartment building addresses) to which service is begun on or after the date of enactment of the Postal Reorganization Act Amendments of 1976.

"(g) The Postal Service shall present to the Committees on Post Office and Civil Service and the Committees on Appropriations of the

Postal Reorganization Act Amendments of 1976.
39 USC 101 note.
Appropriation authorization.

Budget, presentation to congressional committees.

39 USC 2009. Senate and the House of Representatives, at the same time it submits its annual budget under section 2009 of this title, sufficient copies of the budget of the Postal Service for the fiscal year for which funds are requested to be appropriated, and a comprehensive statement relating to the following matters:

39 USC 101. "(1) the plans, policies, and procedures of the Postal Service designed to comply with all of the provisions of section 101 of this title;

"(2) postal operations generally, including data on the speed and reliability of service provided for the various classes of mail and types of mail service, mail volume, productivity, trends in postal operations, and analyses of the impact of internal and external factors upon the Postal Service;

"(3) a listing of the total expenditures and obligations incurred by the Postal Service for the most recent fiscal year for which information is available, an estimate of the total expenditures and obligations to be incurred by the Postal Service during the fiscal year for which funds are requested to be appropriated, and the means by which these estimated expenses will be financed; and

"(4) such other matters as the committees may determine necessary to ensure that the Congress is fully and currently consulted and informed on postal operations, plans, and policies.

Testimony
before con-
gressional
committees.

Not later than March 15 of each year, the Postal Service shall appear before the Committees on Post Office and Civil Service of the Senate and the House of Representatives to submit information which any such committee considers necessary to determine the amount of funds to be appropriated for the operation of the Postal Service, and to present testimony and respond to questions with respect to such budget and statement. Each such committee shall take such action as it considers appropriate and shall advise the Postal Service of such action.

"(h) The failure of the President to request the appropriation of any part of the funds authorized by this section may not be deemed a failure of appropriations. The failure of the President to request the appropriation of any part of the funds authorized by this section shall not relieve the Postal Service from the responsibility to comply with the provisions of subsections (e) and (f) of this section.

39 USC 3601
et seq.

"(i) The rates established under chapter 36 of this title for zone-rated parcels formerly entered under former chapter 67 of this title shall not be more than 10 percent less than the rates for such mail would be if the funds authorized under subsection (b) and (d) of this section were not appropriated."

(c) Section 2003 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding any other provision of this section, any amounts appropriated to the Postal Service under subsection (d) of section 2401 of this title and deposited into the Fund shall be expended by the Postal Service only for the purposes provided in such subsection."

Ante, p. 1303.

Postal Rate
Commission.

SEC. 3. (a) Section 3601 of title 39, United States Code, is amended to read as follows:

"§ 3601. Establishment

"(a) The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The

Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more than 3 of the Commissioners may be adherents of the same political party.

"(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.

39 USC 3602.

"(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.

"(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman."

(b) The provisions of section 3601(a) of title 39, United States Code, as amended by subsection (a) of this section, shall not apply with respect to any Commissioner of the Postal Rate Commission holding office on the date of the enactment of this Act, except that such provisions shall apply to any appointment of such a Commissioner occurring after the date of the enactment of this Act.

39 USC 3601 note.

SEC. 4. Section 3604 of title 39, United States Code, is amended to read as follows:

"§ 3604. Administration

"(a) The Chairman of the Postal Rate Commission shall be the principal executive officer of the Commission. The Chairman shall exercise or direct the exercise of all the executive and administrative functions of the Commission, including functions of the Commission with respect to (1) the appointment of personnel employed under the Commission, except that the appointment of heads of major administrative units under the Commission shall require the approval of a majority of the members of the Commission, (2) the supervision of the personnel employed under the Commission and the distribution of business among them and among the Commissioners, and (3) the use and expenditure of funds.

"(b) In carrying out any of his functions under this section, the Chairman shall be governed by the general policies of the Commission.

"(c) The Chairman may obtain such facilities and supplies as may be necessary to permit the Commission to carry out its functions. Any officer or employee appointed under this section shall be paid at rates of compensation and shall be entitled to programs offering employee benefits established under chapter 10 or chapter 12 of this title, as appropriate.

39 USC 1001 et seq., 1201 et seq. Budget, submittal to Commission.

"(d) (1) The Commission shall periodically prepare and submit to the Postal Service a budget of the Commission's expenses, including, but not limited to, expenses for facilities, supplies, compensation, and employee benefits. The budget shall be considered approved—

"(A) as submitted if the Governors fail to act in accordance with subparagraph (B) of this paragraph; or

"(B) as adjusted if the Governors holding office, by unanimous written decision, adjust the total amount of money requested in the budget.

Subparagraph (B) shall not be construed to authorize the Governors to adjust any item included within the budget.

"(2) Expenses incurred under any budget approved under paragraph (1) of this subsection shall be paid out of the Postal Service fund established under section 2003 of this title.

39 USC 2003. "39 USC 410, 1001 *et seq.* Recommended decisions.

"(e) The provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate."

SEC. 5. (a) Section 3624 of title 39, United States Code, is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

39 USC 3622. "(c) (1) Except as provided by paragraph (2) of this subsection, in any case in which the Postal Service makes a request under section 3622 of this title for a recommended decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services the Commission shall transmit its recommended decision to the Governors under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.

Extension. "(2) In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request made by the Postal Service under section 3622 by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) of this subsection by one day for each day of such delay."

39 USC 3624 note. (b) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, requested on September 18, 1975, by the United States Postal Service in a request which bears, or which at any time has been included under, Postal Rate Commission Docket Number R76-1.

SEC. 6. (a) Section 3641 of title 39, United States Code, is amended to read as follows:

"§ 3641. Temporary changes in rates and classes

"(a) In any case in which the Postal Rate Commission fails to transmit a recommended decision on a change in rates of postage or in fees for postal services to the Governors in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage and in fees for postal services in accordance with the proposed changes under consideration by the Commission. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.

Supra.

Notice, publication in Federal Register.

"(b) Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated income, including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.

"(c) Notwithstanding the provisions of subsection (b) of this section, the Postal Service may not establish any temporary rate for a class of mail or any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.

"(d) Any temporary change in rates of postage or in fees for postal services made by the Postal Service under this section shall remain in effect no longer than 150 days after the date on which the Commis-

sion transmits its recommended decision to the Governors under section 3624(d) of this title, unless such temporary change is terminated by the Governors before the expiration of such period.

39 USC 3624.

"(e) If the Postal Rate Commission does not transmit to the Governors within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has resubmitted, to the Commission a request for a recommended decision on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days' notice in the Federal Register, may place into effect temporary changes in the mail classification schedule in accordance with proposed changes under consideration by the Commission. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its recommended decision to the Governors.

Notice, publication in Federal Register.

39 USC 3623.

"(f) If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, and fees for postal services, or in the mail classification schedule."

39 USC 3628.

(b) (1) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage and in fees for postal services requested on September 18, 1975, by the United States Postal Service in a request which bears, or which at any time has been included under, Postal Rate Commission Docket Number R76-1.

39 USC 3641 note.

(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of the enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a recommended decision, bearing Docket Number R76-1.

SEC. 7. (a) (1) There is hereby established the Commission on Postal Service (hereinafter in this section referred to as the "Commission"). The Commission shall be composed of 7 members, to be selected as follows:

Commission on Postal Service. Establishment. 39 USC 3661 note. Membership.

(A) 3 appointed by the President of the United States, of whom one shall be appointed as chairman;

(B) 2 appointed by the President pro tempore of the Senate, of whom one shall be an individual who is a member of the work force of the United States Postal Service; and

(C) 2 appointed by the Speaker of the House of Representatives, of whom one shall be an individual who is a member of the work force of the United States Postal Service.

The Postmaster General of the United States and the Chairman of the Postal Rate Commission shall serve as ex officio members of the Commission, without the right to vote.

(2) The members of the Commission shall be appointed within 15 days following the date of the enactment of this Act. In the event that all of the members of the Commission have not been appointed at the close of such 15-day period, a majority of the members appointed to the Commission shall constitute a quorum for the conduct of business by the Commission.

(3) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

Vacancies.

- Study, recom- (b) The Commission shall identify and study the problems facing
mendations. the United States Postal Service and recommend actions to be taken
to resolve those problems. The Commission shall not be limited to any
particular subject areas for consideration but the Commission—
- Public serv- (1) shall identify and study the public service aspects of the
ice, costs and United States Postal Service, shall recommend to what extent and
revenue. by what means such aspects may be defined and costs thereof rea-
sonably estimated, and shall, insofar as practicable, identify any
difference between—
- 39 USC 101 (A) the costs that the Postal Service should reasonably be
et seq. expected to incur in providing postal services in accordance
with the policies of title 39, United States Code, and
- (B) the revenues that the Postal Service may reasonably be
expected to receive from rates and fees for postal services,
with due consideration to the fact that demands for postal
services may be reflected by changes in the levels of such rates
and fees;
- Appropriation (2) shall determine the extent to which the public service
support, plan. aspects of the Postal Service shall be supported by appropriations
and shall recommend a plan for such appropriations with due con-
sideration being given to—
- (A) the economic and social benefits of the postal system
to the user and recipient of the mail,
- (B) the relative economic ability of the users of various
classes of mail to absorb the costs of the postal system,
- (C) the extent to which the costs of maintaining a system
which would provide a reasonable degree of regular postal
services to the entire public without regard to individual
usage, and the degree to which such costs should be borne by
the public generally rather than by mail users in particular,
- (D) the relative economic and social benefits of other uses
of private and public funds, and
- (E) the need of the Postal Service for adequate and
dependable funding and for systematic planning and rate-
making to provide efficient and economical postal services in
accordance with the policies of title 39, United States Code;
- Ratemaking. (3) shall study the desirability and feasibility of—
- (A) the ratemaking procedures established under title 39,
United States Code, particularly the functions and responsi-
bilities of the Postal Rate Commission, and shall develop
recommendations for more expeditious and economical pro-
cedures that are responsive to the needs of the Postal Service
and the public, including, if the Commission recommends the
abolition of the Postal Rate Commission, a method of assur-
ing that changes in postal rates shall be reviewed independ-
ently outside the Postal Service,
- (B) a system in which changes in postal rates shall not
exceed changes in consumer prices unless greater changes in
such rates are approved by a body independent of the Postal
Service,
- (C) the ratemaking criteria established by section 3622(b)
of title 39, United States Code, and
- (D) a statutory requirement for cost attributions to par-
ticular classes of mail or types of mail service;
- Service levels, (4) shall review the appropriateness of current and future serv-
review. ice levels and the extent to which, if any, such levels should be
supported by appropriations; and

September 24, 1976

- 7 -

Pub. Law 94-421

(5) shall review the long range impact of new electronic fund transfers and communication techniques, the effect of such transfers and techniques on mail volumes and revenues of the Postal Service, and the feasibility of the Postal Service operating such systems.

Electronic fund transfers and communication techniques, impact review.

(c) (1) For purposes of carrying out its functions under this section, the Commission may sit and act at such times and places and receive such evidence and testimony as it considers advisable.

(2) The Commission may secure directly from any department or agency of the United States information and assistance necessary to carry out its duties under this section. Each department or agency is authorized and directed, to the extent permitted by law and within the limits of available funds, to furnish information and assistance to the Commission.

(3) When so authorized by the Commission, any member or agent of the Commission may take any action which the Commission is authorized to take by this section.

(4) All meetings, hearings, conferences, or other proceedings of the Commission shall be open to the chairmen of the appropriate committees of the Congress or their designees and reasonable notice of such meetings or hearings shall be given to such chairmen or their designees.

Proceedings, notice to congressional committee chairmen.

(d) (1) Except as provided in paragraph (2), members of the Commission each shall receive as compensation the daily equivalent of the annual rate of basic pay in effect for Grade GS-18 for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Commission.

Compensation.

5 USC 5332 note.

(2) Members of the Commission who are full-time officers or employees of the United States shall receive no additional pay on account of their service on the Commission.

(3) While away from their homes or regular places of business in the performance of service for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5, United States Code.

Expenses.

(e) The Commission may appoint and fix the compensation of such personnel as it considers advisable without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and such personnel may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at a rate not to exceed the maximum rate authorized by the General Schedule. The Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for the maximum rate authorized by the General Schedule.

Compensation.

5 USC 5101 et seq., 5332 et seq.
Experts and consultants.

(f) (1) The Commission shall transmit to the President and to each House of the Congress a final report containing a detailed statement of its findings and recommendations, together with any individual views, on or before March 15, 1977.

Report, transmittal to President and Congress.

(2) The Commission shall not be required to obtain the clearance of any Federal agency before the transmittal of its report.

(g) The Commission shall cease to exist 60 days after the transmission of its final report under subsection (f) of this section and all offices and employment under it shall then expire.

Expiration date.

Appropriation
authorization.

(h) There are authorized to be appropriated to the Postal Service Fund established under section 2003 of title 39, United States Code, without fiscal year limitation, such sums as may be necessary to carry out the provisions of this section. Expenses incurred by the Commission shall be paid out of the Postal Service Fund.

SEC. 8. Section 3623(b) of title 39, United States Code, is amended by striking out "Postal Service" the second place it appears therein and inserting in lieu thereof "Governors".

Post offices,
closing or
consolidation.
Notice.

SEC. 9. (a) Section 404 of title 39, United States Code, is amended by inserting "(a)" immediately before "Without" and by adding at the end thereof the following new subsection:

"(b) (1) The Postal Service, prior to making a determination under subsection (a) (3) of this section as to the necessity for the closing or consolidation of any post office, shall provide adequate notice of its intention to close or consolidate such post office at least 60 days prior to the proposed date of such closing or consolidation to persons served by such post office to ensure that such persons will have an opportunity to present their views.

"(2) The Postal Service, in making a determination whether or not to close or consolidate a post office, shall consider—

"(A) the effect of such closing or consolidation on the community served by such post office;

"(B) the effect of such closing or consolidation on employees of the Postal Service employed at such office;

"(C) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101(b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

"(D) the economic savings to the Postal Service resulting from such closing or consolidation; and

"(E) such other factors as the Postal Service determines are necessary.

"(3) Any determination of the Postal Service to close or consolidate a post office shall be in writing and shall include the findings of the Postal Service with respect to the considerations required to be made under paragraph (2) of this subsection. Such determination and finding shall be made available to persons served by such post office.

"(4) The Postal Service shall take no action to close or consolidate a post office until 60 days after its written determination is made available to persons served by such post office.

Appeal.

"(5) A determination of the Postal Service to close or consolidate any post office may be appealed by any person served by such office to the Postal Rate Commission within 30 days after such determination is made available to such person under paragraph (3). The Commission shall review such determination on the basis of the record before the Postal Service in the making of such determination. The Commission shall make a determination based upon such review no later than 120 days after receiving any appeal under this paragraph. The Commission shall set aside any determination, findings, and conclusions found to be—

Review.

"(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law;

"(B) without observance of procedure required by law; or

"(C) unsupported by substantial evidence on the record.

September 24, 1976

- 9 -

Pub. Law 94-421

The Commission may affirm the determination of the Postal Service or order that the entire matter be returned for further consideration, but the Commission may not modify the determination of the Postal Service. The Commission may suspend the effectiveness of the determination of the Postal Service until the final disposition of the appeal. The provisions of section 556, section 557, and chapter 7 of title 5 shall not apply to any review carried out by the Commission under this paragraph."

(b) The amendments made by subsection (a) of this section shall take effect on the day after the date on which the Commission on Postal Service transmits its final report under section 7(f)(1) of this Act.

SEC. 10. Section 3622(b) of title 39, United States Code, is amended by striking out "and" at the end of paragraph (7), by redesignating paragraph (8) as paragraph (9), and by inserting immediately after paragraph (7) the following new paragraph:

"(8) the educational, cultural, scientific, and informational value to the recipient of mail matter; and"

SEC. 11. Section 3626 of title 39, United States Code, is amended by inserting "(a)" immediately before "If the rates" and by adding at the end thereof the following new subsections:

"(b)(1) For the purposes of this title, the term 'periodical publications', as used in former section 4351 of this title, includes (A) any catalog or other course listing, including mail announcements of legal texts which are part of post-bar admission education issued by any institution of higher education or by a nonprofit organization engaged in continuing legal education; and (B) any looseleaf page or report (including any index, instruction for filing, table, or sectional identifier which is an integral part of such report) which is designed as part of a looseleaf reporting service concerning developments in the law or public policy.

"(2) Any material described in paragraph (1) of this subsection shall qualify to be entered and mailed as second class mail in accordance with the applicable provisions of former section 4352 through former section 4357 of this title.

"(3) For purposes of this subsection, the term 'institution of higher education' has the meaning given it by section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

"(c) In the administration of this section, one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State shall be considered a publication of a qualified nonprofit organization which qualifies for rates of postage under former section 4358(d) of this title.

"(d) (1) For purposes of this title, the term 'agricultural', as used in former sections 4358(j)(2), 4452(d), and 4554(b)(1)(B) of this title, includes the art or science of cultivating land, harvesting crops or marine resources, or raising of livestock.

"(2) In the administration of this section, and for purposes of former sections 4358(j)(2), 4452(d), and 4554(b)(1)(B) of this title, agricultural organizations or associations shall include any organization or association which collects and disseminates information or materials relating to agricultural pursuits."

5 USC 556,
557, 701
et seq.

Effective date.
39 USC 404
note.

Rates and
fees.

Reduced
rates.

Pub. Law 94-421

- 10 -

September 24, 1976

Books and
films.

SEC. 12. Section 3683 of title 39, United States Code, is amended by inserting "(a)" immediately before "Notwithstanding any other provision" and by adding at the end thereof the following new subsection:

39 USC 4554. "(b) The rates for mail matter specified in former section 4554(a) (1) or 4554(b) (2) (A) of this title, when mailed from a publisher or a distributor to a school, college, university, or library, shall be the rate currently in effect for such mail matter under the provisions of former section 4554(b) (1) of this title."

Approved September 24, 1976.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 94-391 (Comm. on Post Office and Civil Service) and No. 94-1444 (Comm. of Conference).

SENATE REPORT No. 94-966 (Comm. on Post Office and Civil Service).
CONGRESSIONAL RECORD:

Vol. 121 (1975): Sept. 29, Oct. 30, considered and passed House.

Vol. 122 (1976): Aug. 10, 23, 24, considered and passed Senate,
amended.

Aug. 31, Senate agreed to conference report.

Sept. 10, House agreed to conference report.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS:

Vol. 12, No. 39 (1976): Sept. 24, Presidential statement.

Union Calendar No. 202

94TH CONGRESS
1ST SESSION**H. R. 8603**

[Report No. 94-391]

IN THE HOUSE OF REPRESENTATIVES

JULY 14, 1975

Mr. HANLEY (for himself, Mr. NIX, Mr. FORD of Michigan, Mr. LEHMAN, Mr. SIMON, and Mr. MINETA) introduced the following bill; which was referred to the Committee on Post Office and Civil Service

JULY 24, 1975

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled.*

3 ~~That this Act may be cited as the "Postal Reorganization~~
4 ~~Act Amendments of 1975".~~

5 ~~SEC. 2. Section 2401 (b) of title 39, United States~~
6 ~~Code, is amended to read as follows:~~

7 ~~"(b) (1) There is authorized to be appropriated to the~~
8 ~~Postal Service for the fiscal year ending June 30, 1976, and~~
9 ~~for each of the fiscal years ending September 30, 1977, 1978,~~

1 ~~and 1979, an amount equal to \$35 multiplied by the number~~
2 ~~of delivery addresses estimated to be served during the fiscal~~
3 ~~year involved. There is authorized to be appropriated to the~~
4 ~~Postal Service for the period commencing July 1, 1976, and~~
5 ~~ending September 30, 1976, an amount equal to one-fourth~~
6 ~~the amount authorized under this subsection for the fiscal~~
7 ~~year ending June 30, 1976.~~

8 ~~“(2) (A) The appropriation authorized in paragraph~~
9 ~~(1) shall reimburse the Postal Service for the costs of main-~~
10 ~~taining a system which shall provide a maximum degree of~~
11 ~~effective and regular postal services throughout the nation,~~
12 ~~and which is available to serve the entire public regardless~~
13 ~~of particular individual usage.~~

14 ~~“(B) Except as provided by subparagraph (D), the~~
15 ~~delivery service requirements in effect on June 30, 1975,~~
16 ~~shall be continued by the Postal Service and may not be~~
17 ~~terminated or modified by the Postal Service without the~~
18 ~~prior approval of the unit of general local government having~~
19 ~~jurisdiction over the addresses subject to any such termination~~
20 ~~or modification.~~

21 ~~“(C) Except as provided by subparagraph (D), the~~
22 ~~Postal Service shall provide door delivery or curbside de-~~
23 ~~livery to all permanent residential addresses (other than~~
24 ~~apartment building addresses) which begin receiving delivery-~~
25 ~~services after June 30, 1975. In any case in which a unit~~

1 ~~of general local government having jurisdiction over any~~
 2 ~~such address disapproves the provision of curbside service for~~
 3 ~~such address, the Postal Service shall provide door delivery~~
 4 ~~for such address.~~

5 ~~“(D) The Postal Service may provide cluster box de-~~
 6 ~~livery service for any permanent residential address in any~~
 7 ~~case in which a unit of general local government having~~
 8 ~~jurisdiction over such address specifically approves the pro-~~
 9 ~~vision of such cluster box delivery service.~~

10 ~~“(3) Appropriations made under the authority of this~~
 11 ~~subsection, as reimbursement for public service costs in ex-~~
 12 ~~cess of 10 per centum of the total operating expenses of the~~
 13 ~~Postal Service for the fiscal year ending June 30, 1957, shall~~
 14 ~~not be expended or utilized in such a manner as to effect a~~
 15 ~~reduction in postal rates and fees for zone-rated fourth-class~~
 16 ~~mail as required to be established under sections 3621 and~~
 17 ~~3622 of this title.~~

18 ~~“(4) The Postal Service, in requesting an amount to be~~
 19 ~~appropriated under this subsection, shall present to the ap-~~
 20 ~~propriate committees of the Congress a comprehensive state-~~
 21 ~~ment of its compliance with the public service cost policy~~
 22 ~~established under section 101 (b) of this title.”.~~

23 ~~SEC. 3. (a) Section 3601 of title 39, United States~~
 24 ~~Code, is amended to read as follows:~~

1 ~~“§ 3601. Establishment~~

2 ~~“(a) The Postal Rate Commission is an independent~~
3 ~~establishment of the executive branch of the Government of~~
4 ~~the United States. The Commission is composed of 5 Com-~~
5 ~~missioners, appointed by the President, by and with the~~
6 ~~advice and consent of the Senate. The Commissioners shall~~
7 ~~be chosen on the basis of their qualifications and may be~~
8 ~~removed by the President only for cause. Not more than 3~~
9 ~~of the Commissioners may be adherents of the same poli-~~
10 ~~tical party.~~

11 ~~“(b) A Commissioner may continue to serve after the~~
12 ~~expiration of his term until his successor has taken office,~~
13 ~~except that such Commissioner may not so continue to~~
14 ~~serve for more than 1 year after the date upon which his~~
15 ~~term otherwise would expire under section 3602 of this~~
16 ~~title.~~

17 ~~“(c) One of the Commissioners shall be designated as~~
18 ~~Chairman by, and shall serve in the position of Chairman at~~
19 ~~the pleasure of, the President.~~

20 ~~“(d) The Commissioners shall by majority vote desig-~~
21 ~~nate a Vice Chairman of the Commission. The Vice Chair-~~
22 ~~man shall act as Chairman of the Commission in the ab-~~
23 ~~sence of the Chairman.”.~~

24 ~~“(h) The provisions of section 3601 (a) of title 39,~~
25 ~~United States Code, as amended by subsection (a), shall~~

1 not apply with respect to any Commissioner of the Postal
 2 Rate Commission holding office on the date of the enact-
 3 ment of this Act, except that such provisions shall apply to
 4 any appointment of such Commissioner occurring after the
 5 date of the enactment of this Act.

6 ~~SEC. 4. Section 3604 of title 39, United States Code,~~
 7 ~~is amended to read as follows:~~

8 ~~“§ 3604. Administration-~~

9 ~~“(a) The Chairman of the Postal Rate Commission~~
 10 ~~shall be the principal executive officer of the Commission.~~
 11 ~~The Chairman shall exercise all the executive and admin-~~
 12 ~~istrative functions of the Commission, including functions of~~
 13 ~~the Commission with respect to (1) the appointment and~~
 14 ~~supervision of personnel employed under the Commission,~~
 15 ~~(2) the distribution of business among such personnel, and~~
 16 ~~among the Commissioners, and (3) the use and expenditure~~
 17 ~~of funds.~~

18 ~~“(b) In carrying out any of his functions under this~~
 19 ~~section, the Chairman shall be governed by the general~~
 20 ~~policies of the Commission.~~

21 ~~“(c) The Chairman may obtain such facilities and sup-~~
 22 ~~plies as may be necessary to permit the Commission to carry~~
 23 ~~out its functions. Any officer or employee appointed under~~
 24 ~~this section shall be paid at rates of compensation, and shall~~
 25 ~~be entitled to programs offering employee benefits, estab-~~

1 ~~lished under chapter 10 or chapter 12 of this title, as~~
 2 ~~appropriate.~~

3 ~~“(d) (1) Except as provided by paragraph (2), the~~
 4 ~~provisions of section 410 and chapter 10 of this title shall~~
 5 ~~apply to the Commission, as appropriate.~~

6 ~~“(2) The provisions of the Budget and Accounting Act,~~
 7 ~~1921, relating to the preparation and presentation of budgets,~~
 8 ~~and the provisions of any other Federal law relating to the~~
 9 ~~preparation and presentation of budgets, shall apply to the~~
 10 ~~Commission.”.~~

11 ~~SEC. 5. (a) Section 3622 of title 39, United States Code,~~
 12 ~~is amended by adding at the end thereof the following new~~
 13 ~~subsection:-~~

14 ~~“(c) Any recommended decision by the Commission~~
 15 ~~under this section shall be made by a vote of an absolute~~
 16 ~~majority of the Commissioners in office.”.~~

17 ~~(b) Section 3623 of title 39, United States Code, is~~
 18 ~~amended by adding at the end thereof the following new~~
 19 ~~subsection:-~~

20 ~~“(d) Any recommended decision by the Commission~~
 21 ~~under this section shall be made by a vote of an absolute~~
 22 ~~majority of the Commissioners in office.”.~~

23 ~~SEC. 6. (a) Section 3624 (a) of title 39, United States~~
 24 ~~Code, is amended to read as follows:-~~

25 ~~“(a) The Postal Rate Commission shall promptly con-~~

~~1 sider any request made by the Postal Service under section~~
~~2 3622 or section 3623 of this title. In the course of such con-~~
~~3 sideration, the Commission shall hold hearings and give~~
~~4 reasonable public notice thereof, and shall afford reasonable~~
~~5 opportunity for the Postal Service, users of the mails, and an~~
~~6 officer of the Commission who shall be required to represent~~
~~7 the interests of the general public, to be present, and to~~
~~8 present data and arguments, at any such hearing.”.~~

~~9 (b) Section 3628 of title 39, United States Code, is~~
~~10 amended by inserting immediately after the second sentence~~
~~11 the following new sentence: “The standard of review es-~~
~~12 tablished by section 706 (2) (A) of title 5 shall apply with~~
~~13 respect to any review made by the court under this section.”.~~

~~14 (c) The first sentence of section 3661 (c) of title 39,~~
~~15 United States Code, is amended to read as follows: “The~~
~~16 Commission shall not issue its opinion on any proposal until~~
~~17 an opportunity for a hearing is accorded interested parties,~~
~~18 reasonable public notice is given thereof, and a reasonable~~
~~19 opportunity is afforded interested parties, including an officer~~
~~20 of the Commission who shall be required to represent the~~
~~21 interests of the general public, to be present, and to present~~
~~22 data and arguments, at any such hearing.”.~~

~~23 (d) The amendments made by the foregoing provisions~~
~~24 of this section shall not affect any proceedings pending~~
~~25 before the Postal Rate Commission on the date of the~~

1 ~~enactment of this Act. Orders shall be issued in such pro-~~
 2 ~~ceedings and appeals shall be taken from such proceedings as~~
 3 ~~if the amendments made by the foregoing provisions of this~~
 4 ~~section had not been enacted. Orders issued in any such~~
 5 ~~proceedings shall continue in effect until modified, terminated,~~
 6 ~~superseded, or repealed, through any action taken under~~
 7 ~~title 39, United States Code, through action taken by a court~~
 8 ~~of competent jurisdiction, or by operation of law.~~

9 ~~SEC. 7. (a) Section 3624 of title 39, United States~~
 10 ~~Code, is amended by redesignating subsection (c) as sub-~~
 11 ~~section (d) and by inserting immediately after subsection~~
 12 ~~(b) the following new subsection:~~

13 ~~“(c) (1) Except as provided by paragraph (2), in any~~
 14 ~~case in which the Postal Service makes a request under~~
 15 ~~section 3622 of this title for a recommended decision by~~
 16 ~~the Commission on changes in a rate or rates of postage or~~
 17 ~~in a fee or fees for postal services, or a request under~~
 18 ~~section 3623 (b) of this title for a recommended decision~~
 19 ~~by the Commission on changes in the mail classification~~
 20 ~~schedule, the Commission shall transmit its recommended~~
 21 ~~decision to the Governors under subsection (d) no later than~~
 22 ~~10 months after receiving any such request from the Postal~~
 23 ~~Service.~~

24 ~~“(2) In any case in which the Commission determines~~
 25 ~~that the Postal Service has unreasonably delayed considera-~~

1 ~~tion of a request made by the Postal Service under section~~
 2 ~~3622 or section 3623 (b) by failing to respond within a~~
 3 ~~reasonable time to any lawful order of the Commission, the~~
 4 ~~Commission may extend the 10-month period described in~~
 5 ~~paragraph (1) by one day for each day of such delay.”.~~

6 ~~(b) The amendment made by subsection (a) shall not~~
 7 ~~apply to any action or proceeding with respect to (1) the~~
 8 ~~recommended decision of the Postal Rate Commission relat-~~
 9 ~~ing to proposed changes in rates of postage, and in fees for~~
 10 ~~postal services, made on September 25, 1973, by the United~~
 11 ~~States Postal Service in a request bearing Postal Rate Com-~~
 12 ~~mission Docket Numbered R74-1; or (2) the recommended~~
 13 ~~decision of the Commission relating to the proposed estab-~~
 14 ~~lishment of a mail classification schedule made on January 18,~~
 15 ~~1973, by the Postal Service in a request bearing Postal Rate~~
 16 ~~Commission Docket Numbered MC73-1.~~

17 ~~SEC. 8. (a) Section 3641 of title 39, United States Code,~~
 18 ~~is amended to read as follows:~~

19 ~~“§ 3641. Temporary changes in rates and classes~~

20 ~~“(a) In any case in which the Postal Rate Commission~~
 21 ~~fails to transmit a recommended decision on a change in~~
 22 ~~rates of postage or in fees for postal services, or on a change~~
 23 ~~in the mail classification schedule, to the Governors in accord-~~
 24 ~~ance with section 3624 (c) of this title, the Governors may~~
 25 ~~establish temporary changes in rates of postage, in fees for~~

1 ~~postal services, or in the mail classification schedule, in ac-~~
 2 ~~cordance with the provisions of this section. Such temporary~~
 3 ~~changes may take effect upon such date as the Governors~~
 4 ~~may determine, except that such temporary changes may~~
 5 ~~take effect only after 10 days' notice in the Federal Register.~~

6 ~~“(b) Any temporary rate or fee established by the Gov-~~
 7 ~~ernors under subsection (a) shall be in accordance with the~~
 8 ~~policies of this title and shall not exceed such amount as may~~
 9 ~~be necessary for sufficient revenues to assure that the total~~
 10 ~~estimated income of, and appropriations to, the Postal Serv-~~
 11 ~~ice shall, to the extent practicable, be equal to the total esti-~~
 12 ~~mated costs of the Postal Service.~~

13 ~~“(c) The Governors may not establish any temporary~~
 14 ~~rate for a class of mail or any temporary fee for a postal serv-~~
 15 ~~ice which is more than the permanent rate or fee requested~~
 16 ~~for such class or postal service by the Postal Service under~~
 17 ~~section 3622 of this title.~~

18 ~~“(d) Any temporary change in rates of postage, in fees~~
 19 ~~for postal services, or in the mail classification schedule made~~
 20 ~~by the Governors under this section shall remain in effect no~~
 21 ~~longer than 150 days after the date upon which the Commis-~~
 22 ~~sion transmits its recommended decision to the Governors~~
 23 ~~under section 3624 (d) of this title, unless such temporary~~
 24 ~~change is terminated by the Governors before the expiration~~
 25 ~~of such period.”~~

1 ~~(b) The amendment made by subsection (a) shall not~~
 2 ~~apply to any action or proceeding with respect to (1) the~~
 3 ~~recommended decision of the Postal Rate Commission relat-~~
 4 ~~ing to proposed changes in rates of postage, and in fees for~~
 5 ~~postal services, made on September 25, 1972, by the United~~
 6 ~~States Postal Service in a request bearing Postal Rate Com-~~
 7 ~~mission Docket Numbered R74-1; or (2) the recommended~~
 8 ~~decision of the Commission relating to the proposed estab-~~
 9 ~~lishment of a mail classification schedule made on January~~
 10 ~~18, 1973, by the Postal Service in a request bearing Postal~~
 11 ~~Rate Commission Docket Numbered MC73-1.~~

12 ~~SEC. 9. Section 3626 of title 39, United States Code, is~~
 13 ~~amended by inserting "(a)" immediately before "If the~~
 14 ~~rates" and by adding at the end thereof the following new~~
 15 ~~subsections:-~~

16 ~~"(b) (1) For purposes of this title, the term 'periodical~~
 17 ~~publications', as used in former section 1351 of this title,~~
 18 ~~includes (A) any catalog or other course listing issued by~~
 19 ~~any institution of higher education; and (B) any looseleaf~~
 20 ~~page or report (including any index, instruction for filing,~~
 21 ~~table, or sectional identifier which is an integral part of~~
 22 ~~such report) which is designed for inclusion in any treatise~~
 23 ~~or compilation.~~

24 ~~"(2) Any material described in paragraph (1) shall~~
 25 ~~qualify to be entered and mailed as second class mail in~~

1 accordance with former section 4352 through former section
2 4357 of this title.

3 “(3) For purposes of this subsection, the term ‘institu-
4 tion of higher education’ has the meaning given it by section
5 1201 (a) of the Higher Education Act of 1965 (20 U.S.C.
6 1141 (a)).”

7 “(c) In the administration of this section a committee
8 qualified for tax credit contributions under section 41 (c) (1)
9 (C) and (D) of the Internal Revenue Code shall be con-
10 sidered a qualified nonprofit organization under former
11 sections 1452 (d) and 4358 (j) (2) of this title.

12 “(d) In the administration of this section, one conserva-
13 tion publication published by an agency of a State which is
14 responsible for management and conservation of the fish or
15 wildlife resources of such State shall be considered a publica-
16 tion of a qualified nonprofit organization which qualifies
17 for rates of postage under former section 4358 (d).”

18 That this Act may be cited as the “Postal Reorganization
19 Act Amendments of 1975”.

20 SEC. 2. Section 2401(b) of title 39, United States
21 Code, is amended to read as follows:

22 “(b) (1) There is authorized to be appropriated to the
23 Postal Service for the fiscal year ending June 30, 1976, and
24 for each of the fiscal years ending September 30, 1977, 1978,
25 and 1979, an amount equal to \$35 multiplied by the number

1 of delivery addresses estimated by the Postal Service to be
 2 served during the fiscal year involved. There is authorized to
 3 be appropriated to the Postal Service for the period com-
 4 mencing July 1, 1976, and ending September 30, 1976, an
 5 amount equal to one-fourth the amount authorized under
 6 this subsection for the fiscal year ending June 30, 1976.

7 “(2)(A) The appropriations authorized in paragraph
 8 (1) shall be used to reimburse the Postal Service for the
 9 costs of maintaining a system which shall provide a maximum
 10 degree of effective and regular postal services throughout the
 11 Nation, and which is available to serve the entire public
 12 regardless of particular individual usage.

13 “(B) Except as provided in subparagraph (C), the
 14 Postal Service shall provide door delivery or curblin de-
 15 livery to all permanent residential addresses (other than
 16 apartment building addresses). The Postal Service shall
 17 provide door delivery in any case in which the unit of general
 18 local government having jurisdiction over the address in-
 19 volved has adopted zoning ordinances in the interest of protect-
 20 ing the public safety which prohibit the construction or main-
 21 tenance of any structure on the property adjacent to the
 22 curblin.

23 “(C) The Postal Service may provide cluster box
 24 delivery service for any permanent residential address in
 25 any case in which a unit of general local government having

1 jurisdiction over such address specifically approves the
2 provision of such cluster box delivery service.

3 “(3) Appropriations made under the authority of this
4 subsection shall not be expended or utilized in such a manner
5 as to effect a reduction of more than 10 percent in the appli-
6 cable postal rates or fees established under chapter 36 of
7 this title for zone-rated mail matter formerly entered under
8 former chapter 67 of this title.

9 “(4) The levels of service described in paragraph (2)
10 (B) and paragraph (2)(C) of this subsection shall be
11 required to be provided only during any period for which
12 the appropriations authorized under paragraph (1) of this
13 subsection have been appropriated by the Congress.

14 “(5) The Postal Service, in requesting an amount to be
15 appropriated under this subsection, shall present to the
16 appropriate committees of the Congress a comprehensive
17 statement of its compliance with the public service cost policy
18 established under section 101(b) of this title.”.

19 SEC. 3. (a) Section 3601 of title 39, United States
20 Code, is amended to read as follows:

21 “§ 3601. Establishment

22 “(a) The Postal Rate Commission is an independent
23 establishment of the executive branch of the Government of
24 the United States. The Commission is composed of 5 Com-
25 missioners, appointed by the President, by and with the

1 *advice and consent of the Senate. The Commissioners shall*
2 *be chosen on the basis of their professional qualifications and*
3 *may be removed by the President only for cause. Not more*
4 *than 3 of the Commissioners may be adherents of the same*
5 *political party.*

6 “(b) *A Commissioner may continue to serve after the*
7 *expiration of his term until his successor has qualified, except*
8 *that such Commissioner may not so continue to serve for*
9 *more than 1 year after the date upon which his term other-*
10 *wise would expire under section 3602 of this title.*

11 “(c) *One of the Commissioners shall be designated as*
12 *Chairman by, and shall serve in the position of Chairman at*
13 *the pleasure of, the President.*

14 “(d) *The Commissioners shall by majority vote desig-*
15 *nate a Vice Chairman of the Commission. The Vice Chair-*
16 *man shall act as Chairman of the Commission in the ab-*
17 *sence of the Chairman.”.*

18 (b) *The provisions of section 3601(a) of title 39,*
19 *United States Code, as amended by subsection (a), shall*
20 *not apply with respect to any Commissioner of the Postal*
21 *Rate Commission holding office on the date of the enact-*
22 *ment of this Act, except that such provisions shall apply to*
23 *any appointment of such a Commissioner occurring after the*
24 *date of the enactment of this Act.*

1 *SEC. 4. Section 3604 of title 39, United States Code,*
2 *is amended to read as follows:*

3 **“§ 3604. Administration**

4 *“(a) The Chairman of the Postal Rate Commission*
5 *shall be the principal executive officer of the Commission.*
6 *The Chairman shall exercise or direct the exercise of all the*
7 *executive and administrative functions of the Commission,*
8 *including functions of the Commission with respect to (1)*
9 *the appointment and supervision of personnel employed*
10 *under the Commission, (2) the distribution of business among*
11 *such personnel, and among the Commissioners, and (3) the*
12 *use and expenditure of funds.*

13 *“(b) In carrying out any of his functions under this*
14 *section, the Chairman shall be governed by the general policies*
15 *of the Commission.*

16 *“(c) The Chairman may obtain such facilities and sup-*
17 *plies as may be necessary to permit the Commission to carry*
18 *out its functions. Any officer or employee appointed under*
19 *this section shall be paid at rates of compensation, and shall*
20 *be entitled to programs offering employee benefits, estab-*
21 *lished under chapter 10 or chapter 12 of this title, as*
22 *appropriate.*

23 *“(d)(1) Except as provided by paragraph (2), the*
24 *provisions of section 410 and chapter 10 of this title shall*
25 *apply to the Commission, as appropriate.*

1 “(2) The provisions of the Budget and Accounting Act,
2 1921, relating to the preparation and presentation of budgets,
3 and the provisions of any other Federal law relating to the
4 preparation and presentation of budgets, shall apply to the
5 Commission.”.

6 SEC. 5. Section 3624 of title 39, United States Code,
7 as amended by section 7(a), is amended by adding at the
8 end thereof the following new subsection:

9 “(e) Any final action of the Commission under section
10 3622, 3623, 3661, or 3662 of this title shall be made by a
11 vote of a majority of the Commissioners in office.”.

12 SEC. 6. (a) Section 3624(a) of title 39, United States
13 Code, is amended to read as follows:

14 “(a) The Postal Rate Commission shall promptly con-
15 sider any request made by the Postal Service under section
16 3622 or section 3623 of this title. In the course of such con-
17 sideration, the Commission shall hold hearings and give
18 reasonable public notice thereof, and shall afford reasonable
19 opportunity for the Postal Service, users of the mails, and an
20 officer of the Commission who shall be required to represent
21 the interests of the general public, to be present, and to
22 present data and arguments, at any such hearing.”.

23 (b) Section 3628 of title 39, United States Code, is
24 amended by inserting immediately after the second sentence
25 the following new sentence: “The standard of review es-

1 *tablished by section 706(2)(A) of title 5 shall apply with*
2 *respect to any review made by the court under this section.”.*

3 *(c) The first sentence of section 3661(c) of title 39,*
4 *United States Code, is amended to read as follows: “The*
5 *Commission shall not issue its opinion on any proposal until*
6 *an opportunity for a hearing is accorded interested parties,*
7 *reasonable public notice is given thereof, and a reasonable*
8 *opportunity is afforded interested parties, including an officer*
9 *of the Commission who shall be required to represent the*
10 *interests of the general public, to be present, and to present*
11 *data and arguments, at any such hearing.”.*

12 *(d) The amendments made by the foregoing provisions*
13 *of this section shall not affect any proceedings pending*
14 *before the Postal Rate Commission on the date of the*
15 *enactment of this Act. Orders shall be issued in such pro-*
16 *ceedings and appeals shall be taken from such proceedings*
17 *as if the amendments made by the foregoing provisions of*
18 *this section had not been enacted. Orders issued in any such*
19 *proceedings shall continue in effect until modified, terminated,*
20 *superseded, or repealed, through any action taken under*
21 *title 39, United States Code, through action taken by a court*
22 *of competent jurisdiction, or by operation of law.*

23 *SEC. 7. (a) Section 3624 of title 39, United States*
24 *Code, is amended by redesignating subsection (c) as sub-*

1 section (d) and by inserting immediately after subsection
2 (b) the following new subsection:

3 “(c)(1) Except as provided by paragraph (2), in any
4 case in which the Postal Service makes a request under
5 section 3622 of this title for a recommended decision by
6 the Commission on changes in a rate or rates of postage or
7 in a fee or fees for postal services, or a request under
8 section 3623(b) of this title for a recommended decision
9 by the Commission on changes in the mail classification
10 schedule, the Commission shall transmit its recommended
11 decision to the Governors under subsection (d) of this sec-
12 tion no later than 10 months after receiving any such request
13 from the Postal Service.

14 “(2) In any case in which the Commission determines
15 that the Postal Service has unreasonably delayed considera-
16 tion of a request made by the Postal Service under section
17 3622 or section 3623(b) by failing to respond within a
18 reasonable time to any lawful order of the Commission, the
19 Commission may extend the 10-month period described in
20 paragraph (1) by one day for each day of such delay.”.

21 (b) The amendment made by subsection (a) shall not
22 apply to any action or proceeding with respect to (1) the
23 recommended decision of the Postal Rate Commission relat-
24 ing to proposed changes in rates of postage, and in fees for

1 *postal services, made on September 25, 1973, by the United*
 2 *States Postal Service in a request bearing Postal Rate Com-*
 3 *mission Docket Number R74-1; or (2) the recommended*
 4 *decision of the Commission relating to the proposed estab-*
 5 *lishment of a mail classification schedule made on January*
 6 *18, 1973, by the Postal Service in a request bearing Postal*
 7 *Rate Commission Docket Number MC73-1.*

8 *SEC. 8. (a) Section 3641 of title 39, United States Code,*
 9 *is amended to read as follows:*

10 **“§ 3641. Temporary changes in rates and classes**

11 *“(a) In any case in which the Postal Rate Commission*
 12 *fails to transmit a recommended decision on a change in*
 13 *rates of postage or in fees for postal services, or on a change*
 14 *in the mail classification schedule, to the Governors in accord-*
 15 *ance with section 3624(c) of this title, the Postal Service may*
 16 *establish temporary changes in rates of postage, in fees for*
 17 *postal services, or in the mail classification schedule, in ac-*
 18 *cordance with the provisions of this section. Such temporary*
 19 *changes may take effect upon such date as the Postal Serv-*
 20 *ice may determine, except that such temporary changes may*
 21 *take effect only after 10 days' notice in the Federal Register.*

22 *“(b) Any temporary rate or fee established by the Pos-*
 23 *tal Service under subsection (a) of this section shall be in ac-*
 24 *cordance with the policies of this title and shall not exceed*
 25 *such amount as may be necessary for sufficient revenues to*

1 *assure that the total estimated income, including appropri-*
 2 *tions, of the Postal Service shall, to the extent practicable,*
 3 *be equal to the total estimated costs of the Postal Service.*

4 *“(c) The Postal Service may not establish any temporary*
 5 *rate for a class of mail or any temporary fee for a postal*
 6 *service which is more than the permanent rate or fee re-*
 7 *quested for such class or postal service by the Postal Service*
 8 *under section 3622 of this title.*

9 *“(d) Any temporary change in rates of postage, in fees*
 10 *for postal services, or in the mail classification schedule made*
 11 *by the Postal Service under this section shall remain in effect*
 12 *no longer than 150 days after the date upon which the*
 13 *Commission transmits its recommended decision to the Gov-*
 14 *ernors under section 3624(d) of this title, unless such tem-*
 15 *porary change is terminated by the Governors before the*
 16 *expiration of such period.”.*

17 *(b) The amendment made by subsection (a) shall not*
 18 *apply to any action or proceeding with respect to (1) the*
 19 *recommended decision of the Postal Rate Commission relat-*
 20 *ing to proposed changes in rates of postage, and in fees for*
 21 *postal services, made on September 25, 1973, by the United*
 22 *States Postal Service in a request bearing Postal Rate Com-*
 23 *mission Docket Number R74-1; or (2) the recommended*
 24 *decision of the Commission relating to the proposed estab-*
 25 *lishment of a mail classification schedule made on January*

1 18, 1973, by the Postal Service in a request bearing Postal
2 Rate Commission Docket Number MC73-1.

3 SEC. 9. Section 3622(b) of title 39, United States Code,
4 is amended by striking out "and" at the end of paragraph
5 (7), by redesignating paragraph (8) as paragraph (9), and
6 by inserting immediately after paragraph (7) the following
7 new paragraph:

8 " (8) the educational, cultural, scientific, and infor-
9 mational value to the recipient of mail matter; and'.

10 SEC. 10. Section 3626 of title 39, United States Code,
11 is amended by inserting "(a)" immediately before "If the
12 rates" and by adding at the end thereof the following new
13 subsections:

14 "(b)(1) For purposes of this title, the term 'periodical
15 publications', as used in former section 4351 of this title,
16 includes (A) any catalog or other course listing issued by
17 any institution of higher education; and (B) any looseleaf
18 page or report (including any index, instruction for filing,
19 table, or sectional identifier which is an integral part of
20 such report) which is designed for inclusion in any treatise
21 or compilation.

22 "(2) Any material described in paragraph (1) shall
23 qualify to be entered and mailed as second class mail in
24 accordance with former section 4352 through former section
25 4357 of this title.

“(3) For purposes of this subsection, the term ‘institution of higher education’ has the meaning given it by section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

“(c) In the administration of this section a committee qualified for tax credit contributions under section 41(c)(1)(C) and (D) of the Internal Revenue Code shall be considered a qualified nonprofit organization under former sections 4452(d) and 4358(j)(2) of this title.

“(d) In the administration of this section, one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State shall be considered a publication of a qualified nonprofit organization which qualifies for rates of postage under former section 4358(d) of this title.”.

SEC. 11. (a) Chapter 4 of title 39, United States Code, is amended by adding at the end thereof the following new section:

“§ 413. Reporting requirements

“(a) The Postal Service shall keep the Postal Rate Commission fully and currently informed with respect to the operation of the Postal Service. The Postal Service shall furnish to the Commission information with respect to—

“(1) internal Postal Service management matters;

1 “(2) plans and policies of the Postal Service with
2 respect to proposed changes in the nature of postal serv-
3 ices; and

4 “(3) evaluations undertaken by or at the direction
5 of the Postal Service with respect to the operation of
6 the Postal Service.

7 “(b) The Postal Service shall furnish to the Postal
8 Rate Commission any information which the Commission
9 considers necessary or appropriate for the effective evalua-
10 tion of the operation of the Postal Service.”.

11 (b) The table of sections for chapter 4 of title 39,
12 United States Code, is amended by adding at the end thereof
13 the following new item:

“413. Reporting requirements.”.

14 SEC. 12. (a) Subchapter I of chapter 36 of title 39,
15 United States Code, is amended by adding at the end thereof
16 the following new section:

17 “§ 3605. Review and hearings

18 “(a) The Postal Rate Commission shall have the au-
19 thority to initiate reviews and hearings with respect to the
20 activities of the Board of Governors and the Postal Service
21 under this chapter.

22 “(b) Any hearing initiated by the Postal Rate Commis-
23 sion under this section shall be in accordance with section
24 3624(a) of this title.

1 “(c)(1) The Postal Rate Commission may issue sub-
 2 penas, signed by the Chairman of the Commission, to compel
 3 the production of evidence and the testimony of witnesses
 4 with respect to any hearing held by the Commission under
 5 this chapter.

6 “(2) Any appropriate district court of the United
 7 States may, upon petition by the Commission, in case of re-
 8 fusal to obey a subpoena of the Commission issued under
 9 this subsection, issue an order requiring compliance with
 10 such subpoena. Any failure to obey such order may be punished
 11 by such district court as a contempt thereof.”.

12 (b) The table of sections for subchapter I of chapter
 13 36 of title 39, United States Code, is amended by adding
 14 at the end thereof the following new item:

“3605. Review and hearings.”.

15 SEC. 13. Section 3683 of title 39, United States Code,
 16 is amended by inserting “(a)” immediately before “Notwith-
 17 standing any other provision” and by adding at the end
 18 thereof the following new subsection:

19 “(b) The rates for mail matter specified in former sec-
 20 tion 4554(a)(1) or 4554(b)(2)(A) of this title, when
 21 mailed from a publisher or a distributor to a school, college,
 22 university, or library, shall be the rate currently in effect for
 23 such mail matter under the provisions of former section
 24 4554(b)(1) of this title.”.

1 *SEC. 14. (a)(1) Subject to the provisions of paragraph*
 2 *(2), the United States Postal Service may, after making a*
 3 *request under section 3622(a) of title 39, United States*
 4 *Code, for a recommended decision on changes in a rate or*
 5 *rates of postage or in a fee or fees for postal services, place*
 6 *into effect, upon 10 days' notice in the Federal Register,*
 7 *temporary changes in such rates or fees. Such changes shall*
 8 *be placed into effect in accordance with the provisions of*
 9 *subsections (b), (c), and (d) of section 3641 of such title,*
 10 *as amended by section 8 of this Act. The temporary rates*
 11 *authorized by this section shall not exceed 120 percent of the*
 12 *rates proposed as permanent rates by the United States*
 13 *Postal Service in its request to the Postal Rate Commission,*
 14 *dated September 25, 1973, for a recommended decision,*
 15 *bearing Docket Number R74-1, and shall be subject to the*
 16 *provisions of section 3626 of title 39, United States Code.*

17 *(2) The provisions of paragraph (1) of this subsection*
 18 *shall apply only to the first request described in paragraph*
 19 *(1) made by the Postal Service on or after July 1, 1975.*

20 *(b) Except as provided by subsection (a)(1), any*
 21 *change in rates or fees made by the United States Postal*
 22 *Service under subsection (a)(1) shall be made without regard*
 23 *to any other provision of law.*

24 *SEC. 15. (a)(1) There is hereby established the Com-*
 25 *mission on Postal Service (hereinafter in this section referred*

1 to as the "Commission"). The Commission shall be composed
2 of five members, to be selected as follows:

3 (A) two appointed by the President of the United
4 States, of whom one shall be appointed as Chairman;

5 (B) one appointed by the President pro tempore of
6 the Senate;

7 (C) one appointed by the Speaker of the House
8 of Representatives; and

9 (D) one appointed by the Postmaster General.

10 (2) The members of the Commission shall be ap-
11 pointed within 30 days following the date of the enactment
12 of this Act.

13 (3) Any vacancy in the Commission shall not affect
14 its powers, but shall be filled in the same manner as the
15 original appointment.

16 (b)(1) The Commission shall identify and study the
17 public service aspects of the United States Postal Service
18 and shall recommend to what extent and by what means such
19 aspects may be defined and costs thereof reasonably esti-
20 mated. The Commission shall also identify, insofar as prac-
21 ticable, any difference between—

22 (A) the costs that the Postal Service should reason-
23 ably be expected to incur in providing postal services in
24 accordance with the policies of title 39, United States
25 Code; and

1 *(B) the revenues that the Postal Service may reason-*
2 *ably be expected to receive from rates and fees for postal*
3 *services, with due consideration that demands for postal*
4 *services may be reflected by changes in the levels of such*
5 *rates and fees.*

6 *(2) The Commission shall determine the extent to which*
7 *the public service aspects of the Postal Service shall be sup-*
8 *ported by appropriations. The Commission shall recommend*
9 *such a plan with due consideration being given to—*

10 *(A) the economic and social benefits of the postal*
11 *system to the user and recipient of the mail;*

12 *(B) the relative economic ability of the users of vari-*
13 *ous classes of mail to absorb the costs of the postal system;*

14 *(C) the extent to which the costs of maintaining a*
15 *system which would provide a reasonable degree of*
16 *regular postal services to the entire public without regard*
17 *to individual usage, and the degree to which such costs*
18 *should be borne by the public generally rather than by*
19 *mail users in particular;*

20 *(D) the relative economic and social benefits of other*
21 *uses of private and public funds; and*

22 *(E) the need of the Postal Service for adequate and*
23 *dependable funding and for systematic planning and*
24 *ratemaking to provide efficient and economical postal*

1 services in accordance with the policies of title 39,
2 United States Code.

3 (c)(1) The Commission shall study the ratemaking
4 procedures established under title 39, United States Code,
5 particularly the functions and responsibilities of the Postal
6 Rate Commission, and shall develop recommendations for
7 more expeditious and economical procedures that are respon-
8 sive to the needs of the Postal Service and the public. If the
9 Commission recommends the abolition of the Postal Rate
10 Commission, the Commission shall further recommend a
11 method of assuring that changes in postal rates shall be re-
12 viewed independently outside the Postal Service. The Com-
13 mission shall consider a system in which changes in postal
14 rates shall not exceed changes in consumer prices unless
15 greater changes are approved by a body independent of the
16 Postal Service.

17 (2) In reviewing postal ratemaking procedures pur-
18 suant to paragraph (1) of this subsection, the Commission
19 shall study the reasonableness and adequacy of the ratemak-
20 ing criteria established by section 3622(b) of title 39,
21 United States Code. The study shall address the desirability
22 of a statutory requirement that cost attributions to particular
23 classes of mail or types of mail service shall be based on the
24 proportionate variability of mail volume.

1 (d) *The Commission shall study the causes of the in-*
2 *creases in postal costs that have occurred since the enact-*
3 *ment of the Postal Reorganization Act. The Commission*
4 *shall consider and report on the desirability of instituting*
5 *additional statutory or administrative systems for reviewing*
6 *and controlling postal costs or of changing the system cur-*
7 *rently established under title 39, United States Code.*

8 (e)(1) *For purposes of carrying out its functions under*
9 *this section, the Commission may sit and act at such times*
10 *and places and receive such evidence and testimony as it con-*
11 *siders advisable.*

12 (2) *The Commission may secure directly from any de-*
13 *partment or agency of the United States information and as-*
14 *sistance necessary to carry out its duties under this section.*
15 *Each department or agency is authorized and directed, to the*
16 *extent permitted by law and within the limits of available*
17 *funds, to furnish information and assistance to the Com-*
18 *mission.*

19 (3) *When so authorized by the Commission, any mem-*
20 *ber or agent of the Commission may take any action which*
21 *the Commission is authorized to take by this section.*

22 (4) *All meetings, hearings, conferences, or other pro-*
23 *ceedings of the Commission shall be open to the chairmen*
24 *of the appropriate committees of the Congress or their*

1 *designees and reasonable notice of such meetings or hearings*
 2 *shall be given to such chairmen or their designees.*

3 *(f) (1) Except as provided in paragraph (2), members*
 4 *of the Commission each shall receive as compensation the*
 5 *daily equivalent of the annual rate of basic pay in effect for*
 6 *grade GS-18 for each day (including traveltime) during*
 7 *which they are engaged in the actual performance of duties*
 8 *vested in the Commission.*

9 *(2) Members of the Commission who are full-time officers*
 10 *or employees of the United States shall receive no additional*
 11 *pay on account of their service on the Commission.*

12 *(3) While away from their homes or regular places of*
 13 *business in the performance of service for the Commission,*
 14 *members of the Commission shall be allowed travel expenses,*
 15 *including per diem in lieu of subsistence, in the same manner*
 16 *as persons employed intermittently in the Government service*
 17 *are allowed expenses under section 5703(b) of title 5, United*
 18 *States Code.*

19 *(g) The Commission may appoint and fix the compen-*
 20 *sation of such personnel as it considers advisable without*
 21 *regard to the provisions of title 5, United States Code, gov-*
 22 *erning appointments in the competitive service, and such*
 23 *personnel may be paid without regard to the provisions of*
 24 *chapter 51 and subchapter III of chapter 53 of such title*

1 *relating to classification and General Schedule pay rates,*
 2 *but at a rate not to exceed the maximum rate authorized by*
 3 *the General Schedule. The Commission may procure the*
 4 *services of experts and consultants in accordance with sec-*
 5 *tion 3109 of title 5, United States Code, but at rates for*
 6 *individuals not to exceed the daily equivalent of the annual*
 7 *rate of basic pay in effect for the maximum rate authorized*
 8 *by the General Schedule.*

9 *(h)(1) The Commission shall transmit to the President*
 10 *and to each House of the Congress detailed interim progress*
 11 *reports four times annually, and a final report containing a*
 12 *detailed statement of its findings and recommendations, to-*
 13 *gether with any individual views, within two years after the*
 14 *date of the enactment of this Act.*

15 *(2) The Commission shall not be required to obtain*
 16 *the clearance of any Federal agency before the transmittal*
 17 *of its report.*

18 *(i) The Commission shall cease to exist sixty days after*
 19 *the transmission of its report under subsection (h) and all*
 20 *offices and employment under it shall then expire.*

21 *(j) There is authorized to be appropriated to the Postal*
 22 *Service Fund established under section 2003 of title 39,*
 23 *United States Code, without fiscal year limitation, such*
 24 *sums as may be necessary to carry out the provisions of this*
 25 *section. Expenses incurred by the Commission shall be paid*
 26 *out of the Postal Service Fund.*

POSTAL REORGANIZATION ACT AMENDMENTS OF 1975

JULY 24, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HANLEY, from the Committee on Post Office and Civil Service, submitted the following

REPORT

together with

INDIVIDUAL VIEWS

[To accompany H.R. 8603]

The Committee on Post Office and Civil Service, to whom was referred the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended to pass.

AMENDMENT

The amendment strikes out all after the enacting clause and inserts in lieu thereof a substitute text which appears in italic type in the reported bill.

EXPLANATION OF AMENDMENT

The amendment proposed by the Committee strikes out all after the enacting clause and inserts in lieu thereof the substitute text, which is contained in italic type in the reported bill. The explanation of the provisions of the amendment is contained in the explanation of the bill set forth hereinafter in this report.

PURPOSES

The major purposes of H.R. 8603 are as follows—

To provide authorization for increased appropriations through Fiscal Year 1979 to reimburse the Postal Service for public service costs.

To authorize, on a one-time basis, the immediate implementation of a limited temporary postal rate increase.

To revamp Postal Rate Commission procedures in order to expedite postal rate and classification cases.

To establish a study commission to report on matters relating to the Postal Service concerning public service and costs, rate making procedures, allocations of costs among the various classes of mail, and oversight systems for controlling postal costs.

COMMITTEE ACTION

The Postal Service Subcommittee of the Committee on Post Office and Civil Service held seven days of hearings on H.R. 15511 during the 93rd Congress (Hearing No. 93-53). H.R. 15511 dealt with the major issues encompassed in H.R. 8603 relating to authorization for increased appropriations and Postal Rate Commission procedures. Based on these hearings, a new bill was drafted and introduced as H.R. 2445 in the 94th Congress. Additionally, the Subcommittee held five days of hearings on H.R. 2445 during February and March (Hearing No. 94-4).

On July 11, 1975, the Subcommittee on Postal Service adopted several amendments to H.R. 2445 and, by voice vote, ordered reported a clean bill (H.R. 8603) incorporating these amendments.

On July 23, 1975, the Committee on Post Office and Civil Service ordered H.R. 8603 reported, as amended, by a unanimous voice vote.

STATEMENT

BACKGROUND

Enactment of the Postal Reorganization Act of 1970 was prompted by the need for sweeping reforms in postal policies, operations and rates. The law was unquestionably the most important and far reaching postal legislation ever considered by the Congress. It was universally felt that enactment of this legislation would cure the many ills that beset the former Post Office Department so that postal services could keep pace with the other advances in the nation.

The Committee, in exercising its oversight functions, determined that the newly created United States Postal Service should have a reasonable time to implement the reforms embodied in the Postal Reorganization Act. The United States Postal Service commenced operations on July 1, 1971, and for the most part, until 1973, the Committee took the view that the Postal Service should be allowed to operate independently, without congressional interference, fully expecting the apparent deficiencies to be corrected within a reasonable period of time. In 1973, it became obvious to the Committee that the great expectations which resulted from the enactment of postal reform were in need of corrective action by legislation.

The two subcommittees with oversight functions over the Postal Service as well as our former Investigations Subcommittee undertook vigorous oversight hearings beginning during the 93d Congress in order to determine the root of the problem. It was clear to the Committee and its subcommittees that the break even concept embodied in the Postal Reorganization Act compelled the Postal Service to look upon itself as more of a business than a public service. It also became

obvious that the rate setting mechanisms established under the act were not functioning as originally intended.

Although the Postmaster General in 1973 announced that the Postal Service had turned the corner and was well on the way to self-sufficiency, the Committee perceived clear indications that the situation was worsening. Events since that time have proven that the Committee's assessment was correct.

In 1974, the Postal Service loss after having received some \$1.7 billion in appropriations, was \$448 million. During the past fiscal year, the loss almost doubled to an alarming \$850 million. The projected loss for fiscal year 1976 is estimated to be in excess of \$1.6 billion.

This dire financial condition required the Postal Service to exercise its borrowing authority under the act to cover its operating costs. It is anticipated that by September of this year, the Postal Service will have borrowed a total of \$1.5 billion to cover only operating expenses. Although the Postal Service has reflected a new attitude relating to public service and has attempted to be more responsive to the needs of the American public, the financial crisis has taken its toll in this regard.

If the postal laws are to remain unchanged, the financial crisis faced by the Postal Service may result in unpaid bills, unmet payrolls, and radical cuts in service within the next six months. The Committee concludes that the major reasons for this crisis emanates from an intolerable turn over within the top management in the Postal Service, as well as inefficiencies, failure of the Postal Rate Commission to act expeditiously on rate cases, a severe inflationary impact which appears to have effected the Postal Service more disastrously than most other segments of our economy, and the public service nature of the Postal Service which obviously prevents it from reacting as a normal business would during times of financial crisis.

H.R. 8603 addresses itself to these problems and, in the opinion of the Committee, would provide the needed impetus and resources for the Postal Service to correct many of its shortcomings, as well as deficiencies in the law, thus enabling the Postal Service to fulfill its responsibility in continuing its vast communications network, so essential to the commercial, cultural, and social life of the country.

SUMMARY OF THE BILL

APPROPRIATION FOR PUBLIC SERVICE

The bill would provide a new formula for computing a public service appropriation authorization through fiscal year 1979. The formula would result in an authorization of \$1.7 billion for fiscal year 1976. Currently, the law authorizes \$920 million annually (based on 10% of the 1971 appropriation to the former Post Office Department).

The bill does not alter the formula used in determining appropriations for revenue foregone under 39 U.S.C. 2401 (c).

The Committee is of the opinion that the current statutory formula for public service is arbitrary and bears no known relationship to the actual costs the Postal Service incurs in providing its public service in compliance with the postal policy under the Postal Reorganization Act of 1970.

We recall that the Postmaster General in 1969, vehemently opposed any appropriation for this purpose. The Congress, on the other hand, recognized the public service nature of the Postal Service and insisted that some appropriations for this purpose were necessary. The Committee has concluded the figure finally decided upon has proved to be insufficient.

It should be noted that existing law provides for additional public service appropriations beyond 1979 on a declining basis until 1984, when the level reaches \$460 million annually.

H.R. 8603 eliminates the above formula and replaces it with an authorization for appropriation equal to \$35 for each delivery address. There are approximately 74 million such delivery addresses, resulting in an annual authorization of approximately \$2.6 billion in public service funding for a net increase of about \$1.7 billion per year over current levels. The amount authorized will tend to increase slightly over the four-year period since the Postal Service estimates that approximately one million delivery addresses are added every year.

Thus, H.R. 8603 would provide for a temporary substantial increase in the allowed level of funding from the general treasury to the Postal Service. The provision authorizing this level of appropriations for only four years should not be taken to imply that Congress expects or wishes the Postal Service to be on a pay as you go basis by 1979. The Committee feels strongly that periodic authorizations of this nature, as opposed to permanent authorizations, are important tools in assisting the Congress to evaluate the effectiveness and efficiency of postal operations. Periodic authorizations will give Congress a greater role in determining the proper direction of postal policy without returning the Postal Service to the immense legislative and political restrictions placed on its predecessor prior to 1970.

In addition, the Committee in adopting this new formula, has recognized that the question of what public service is, should not be left to determination by the Postal Service, but that such determination should be and is the prerogative of the Congress. In tying the authorization to the delivery of mail, the bill demonstrates that this postal activity is an element of public service which must be adequately provided by the United States Postal Service.

Hence, this bill spells out the methods of delivery which the Postal Service must maintain. The report will address itself to this question more fully later in this report.

Although the bill ties in the authorization for appropriation to the one element of public service, the Committee wishes to make clear, that there may be other equally important elements which are expensive, but just as important to the mission of the Postal Service.

The necessity for prompt action on this legislation has prompted the Committee to refrain from an attempt to identify these other elements and thus complete its task in this regard. Hence, the authorization ceases after 1979, during which time the Committee will consider all aspect of public service, which may be an additional basis for appropriations for 1980 and beyond.

In addition, the legislation proposes to establish a Commission on the Postal Service which will report to the Congress, within two years of the enactment of this bill, on the question of identifying public

service and costs resulting therefrom, as well as three other postal related matters. Hereinafter in this report, the make-up and function of this Commission will be discussed in detail.

DELIVERY REQUIREMENTS

The Postal Service has recently established a policy that almost no new residential developments are eligible to receive door-to-door delivery. The new regulations for postal delivery services encompass the following:

(1) The Regional Postmaster has the sole discretion to extend door-to-door delivery to new residential areas.

(2) No local option is provided for door-to-door delivery in new areas.

(3) In new residential housing areas, the delivery options open to the local postmaster are limited to: curblineline or clusterbox, within 300 feet of the residence.

(4) In new mobile home parks the options are curblineline, clusterbox or delivery to the management for further distribution by other than postal employees.

(5) The only circumstances under which door-to-door delivery will continue are for residences built to fill-in an area already receiving door delivery and extreme hardship cases approved by the Regional Postmaster General.

(6) Where municipal or county ordinances prohibit curblineline delivery, the only no cost options are clusterbox delivery, general delivery or no service at all.

In many new areas, curblineline boxes are prohibited by local ordinance, thus under the regulations they will be served only by clusterboxes.

The Committee concludes that the alternatives provided by these regulations are not acceptable.

Therefore, H.R. 8603 establishes certain standards of delivery, provided the Congress appropriates the full amount authorized for public service appropriations, and involves local jurisdictions in some of the decisions regarding adequate mail delivery.

The bill requires the Postal Service to provide door-to-door delivery or curblineline delivery to all permanent residential addresses entitled to city delivery. The Postal Service's option to provide curblineline delivery in these cases would be denied in any case in which the appropriate unit of local government has adopted a zoning ordinance in the interest of the public safety prohibiting such structures on the property adjacent to the curblineline.

Clusterbox delivery could be provided by the Postal Service only if the appropriate local governing body approves it.

The thrust of the language is to guarantee a high level of delivery service to the public and to give local governments a voice in Postal Service decisions which affect the quality of local service.

PARCEL POST

Under the provisions of the Postal Reorganization Act, each regular class of mail or type of mail service, including parcel post, is re-

quired to pay rates which cover those direct and indirect costs attributable to such class plus a portion of all other postal costs reasonably assignable to such class or type. The public service appropriation has been used by the Postal Service to reduce the overall revenue requirement and thereby reduce rates to some extent for all classes. Although parcel post shares in this systemwide benefit, it does not receive the benefit of any funds appropriated under 39 U.S.C. 2401(c) for revenue forgone.

H.R. 8603 amends section 2401(b) by adding a new paragraph (3) designed to leave intact the policy that parcel post shall share in the systemwide benefit resulting from public service appropriations, but at approximately the same level as parcel post presently benefits from that policy. This is intended to be accomplished by prohibiting a reduction of more than 10% in the parcel post rates which are established from those rates which would be established had the funds authorized under the new section 2401(b) (1) not been appropriated.

The purpose of this provision is to allow parcel post rates to benefit in some limited degree by the appropriation to reimburse the Postal Service for public service costs.

The Committee intends by this legislation to clearly define this limited benefit so that the rates for this zone rated mail matter cannot be reduced by more than 10% of what they would have been were it not for the public service appropriations.

The Committee is of the opinion that this limited benefit is both fair to postal patrons who utilize parcel post and to those private enterprises who compete with the Postal Service in this regard.

MISCELLANEOUS POSTAL RATE COMMISSION PROVISIONS

H.R. 8603 contains three major revisions of existing law which relate to the Postal Rate Commission.

Existing law empowers the President to appoint the five Commissioners of the Postal Rate Commission, without the advice and consent of the Senate. The bill would require Senate confirmation of the Commissioners, except that those Commissioners currently holding office would not be subject to Senate confirmation for their present terms.

Currently, section 3601 of title 39, United States Code, requires that Postal Rate Commissioners be appointed on the basis of professional qualifications. The intent was to have a Commission consisting of experts in those fields related to postal and rate matters. Unfortunately, most appointees to the Commission have not fulfilled these expectations, however excellent they may have been in their former positions. Senate confirmation would help assure appointment of the most qualified people and would also place Postal Rate Commissioners in the same status as members of other regulatory bodies, most of whom are appointed with the advice and consent of the Senate.

H.R. 8603 also contains a provision requiring the annual election of a Vice Chairman, by the Commission, who would act as Chairman in the absence of the Chairman or when there is a vacancy in that position.

In 1973, the chairmanship of the Commission was vacant for a total of five and one-half months. A Commissioner was designated Vice

Chairman on a week-to-week basis. As a result, the Commission was left without substantial leadership for much of the year.

Although the Commission has the inherent authority to elect a Vice Chairman to serve for longer periods, it has chosen not to do so until most recently. The Committee feels that the function of the Postal Rate Commission in the setting of postal rates is too important a function to be left without strong leadership on its part. This provision would help accomplish this end.

The bill also provides that if a sitting Commissioner is not reappointed, he or she may continue to sit until a successor has been appointed. Current law provides that a Commissioner who is not reappointed must step down at the end of his appointment. In one case, the seat remained vacant for several months, thus severely hampering the work of the Commission. This provision would help in keeping the Commission up to strength and encourage more rapid decisions on appointments than has been the case to date.

H.R. 8603 would increase the authority of the Chairman to administer and assign the work of the Commission to the other Commissioners and their employees. The interpretation placed on existing law denying the Chairman this authority has prompted the Committee to act in this regard.

The result of this interpretation has been that many decisions which are administrative in nature, such as the hiring of employees, the assignment of work and even simple items such as letters and announcements, are decided upon by the Commission as a whole. Such action has led to inefficiency and unnecessary delays in administrative actions. This provision would in no way affect the power of the Commissioners to vote or make decisions on pending or future cases requiring a majority vote of the Commission, such as in rate and classification cases.

The bill would also remove the budget of the Postal Rate Commission from any connection with or controls by the Postal Service. Under existing law, the Commission is required annually to present its proposed budget to the Postal Service, whose Board of Governors may, by unanimous vote, alter the proposed budget. In addition, the budget for the Commission is currently funded from the Postal Service fund.

The Postal Rate Commission was intended as an independent body which is supposed to regulate certain aspects of the Postal Service. The fact that the regulated entity is able to control the funds of the regulator is most unusual, if not highly contradictory. While the Committee has no evidence or heard complaints to the contrary, the potential¹ for abuse is intended to be removed by this provision.

Also, the regulatory function of the Postal Rate Commission should more properly be viewed as a function of general government benefiting all citizens. There is no apparent reason why mail users should pay for such regulation through postal rates.

SIMPLIFIED POSTAL RATE COMMISSION PROCEEDINGS

H.R. 8603 would simplify Postal Rate Commission procedures by removing the requirements under existing law that hearings and proceedings held by the Postal Rate Commission be conducted as adjudicatory-type hearings under Sections 556 and 557 of title 5, United

States Code. Instead, the Commission would be required to hold simpler, legislative-type hearings.

Since the Postal Rate Commission was established, much concern has been expressed over the inability of the Commission to act expeditiously on rate and classification cases pending before it. The first rate case took 17 months to complete and the second, the current rate case, has been pending since September 25, 1973. Another concern has been the extremely high cost to mail users for effective intervention in rate cases. Estimates as to the accumulated costs for intervenors run into the millions of dollars.

A substantial reason for the length and cost of cases is the fact that adjudicatory-type hearings, designed to settle specific questions of fact, are required. Given the great complexity of postal rate cases, long and costly hearings appear to be inevitable under such procedures. While the procedures are critical in certain types of rate cases, the Committee has concluded that the hearing procedures required by Sections 556 and 557 of title 5, United States Code, are not necessary for the setting of postal rates, the establishment of classification schedules, consideration of changes in postal services or the hearing of rate and service complaints.

There is little disagreement over the inapplicability of these procedures for the latter two types of cases. Some disagreement has been expressed about the desirability or applicability of legislative-type hearings for postal rate cases and classification case.

The Administrative Conference of the United States, however, agrees with the provisions in H.R. 8603 in this regard, and outlines its position with which the Committee agrees.

In a letter to Chairman Henderson, Robert A. Anthony, Chairman of the Administrative Conference of the United States, states in part:

Trial-type procedures have customarily been required for certain kinds of ratemaking, and where the focus of the rate-making proceeding is on fixing a fair return to a regulated enterprise based on the value of its property, see, e.g., *Federal Power Comm. v. Hope Natural Gas Company*, 320 U.S. 591 (1944), such procedures are appropriate and perhaps constitutionally necessary. But from the magnitude of the Postal Service's operations and the range of considerations which the Postal Rate Commission is required by Sections 3622 and 3623 (title 39, United States Code) to take into account it is evident that the Commission must concern itself primarily with matters of general significance to the Postal Service and to its customers, the economics of the postal system as a whole and the effects of particular proposals on classes of mail users. Therefore, the proceedings before the Commission are likely to involve questions of policy and questions of legislative rather than adjudicative fact. See *Association of American Publishers v. Governors of the United States Postal Service*, 483 F. 2d 768, 773-75 (D.C. Cir. 1973). For the resolution of such question formal trial-type procedures are seldom appropriate.

Adoption of simpler procedures, therefore, would greatly reduce the length of proceedings before the Postal Rate Commission, would

allow intervenors without vast resources to have more effective representation before the Commission, and would considerably cut costs to mail users without substantially reducing anyone's right to be heard.

TEMPORARY CHANGES IN RATES OF POSTAGE AND CLASSES OF MAIL

Under existing law, the Postal Service is granted authority to establish temporary rates if the Postal Rate Commission has not rendered a recommended decision within 90 days after it receives a request for a recommended decision from the Postal Service. Increases reflected in such temporary rates may not exceed one-third of the permanent rates then in effect. The Postal Service is also empowered to place temporary mail classifications into effect if the Postal Rate Commission has not completed action within 90 days after it receives a request to do so. It should be noted that the provision regarding establishment of temporary classes of mail does not apply to the first mail classification case filed under the Postal Reorganization Act. This matter has now been pending before the Postal Rate Commission for more than three years.

One criticism of the current provisions regarding temporary rates is that it gives the Postal Service too much control over the rate process. Given the Postal Rate Commission's relative slowness in deciding rate cases, temporary rates established by the Postal Service have been in effect for longer periods of time since 1971 than permanent rates which have resulted from Postal Rate Commission actions. Be that as it may, some temporary rate mechanism is necessary to protect the Postal Service revenue which could suffer from protracted proceedings.

In view of the new procedures which would be imposed on the Postal Rate Commission, a new temporary rate and classification mechanism appears to be appropriate.

H.R. 8603 accomplishes this purpose by completely rewriting the provisions relating to the establishment of temporary rates and classes of mail by the United States Postal Service.

H.R. 8603 would require the Postal Rate Commission to render a recommended decision within 10 months after it has received a request for changes in rates or mail classification from the Postal Service. The ten-month period could be extended by one day for each day the Commission determined the Postal Service had delayed proceedings. This provision is designed to prevent the Postal Service from being intentionally dilatory in responding to Commission requests for data and the like.

If the Commission did not act within 10 months, the Postal Service could then place temporary rates into effect, not to exceed the permanent rates requested. These temporary rates could remain in effect for 150 days after the Commission submitted its recommended decision.

In classification cases, the recommended changes in classification would be placed into effect by the Postal Service on a temporary basis, after the ten-month period had elapsed.

Since its authority to establish temporary rates would occur near the completion of a rate case, rather than near its inception, the Postal Service would be less apt to control the rate structure and the Postal Rate Commission would have added incentive to complete its work in a timely fashion.

SECOND MAILING PRIVILEGES

College catalogs and looseleaf services

H.R. 8603 would insure continuation of second class mailing privileges to college catalogs and bulletins and looseleaf publications.

College bulletins and catalogs and looseleaf publications have been routinely admitted to second class for many years. In a reversal of long accepted policy, however, the Postal Service has begun administrative proceedings to revoke these privileges because college bulletins and catalogs and looseleaf publications, it claims, are not "newspapers and other periodical publications within the meaning of the law."

In the case of college bulletins and catalogs, this already has resulted in initial administrative decisions revoking the second-class privileges of several publications admitted to second-class mail as long ago as 1904. In addition, more than 50 looseleaf publications, many of which have been admitted to second-class mail for 20 years or more, are also threatened with the loss of the privilege.

College bulletins and catalogs are a public service. They provide current information to faculty, students, and prospective students concerning the programs offered by colleges and universities. The revocation of these privileges would deny the speed, reliability and economy of second-class mail to institutions that must widely distribute information concerning their programs but cannot afford the higher costs of first-class distribution.

Looseleaf publications provide current news concerning developments in the law and public policy to specialists who must be currently informed on the latest developments in areas of developing regulation. Foremost in this category are educators. These services are a most important element in the circulation to the public of information about our laws and governmental policies. Colleges, universities, public libraries, and many other publicly supported institutions are among the major subscribers to these publications. As one expert in library science has put it, looseleaf publications are "a must" for any respectable law library. Another major classification of subscribers to these services are Federal, State, and local governmental organizations and agencies.

The importance of these publications in providing current news to the public concerning developments in the law and government policy was recognized by the Congress last year during its consideration of the Freedom of Information Act amendments. That act required Federal agencies to public indexes of statements of policy and opinions and orders made in the adjudication of cases. The Department of Justice in commenting on the bill, noted that some looseleaf publications provided the same service and to require the Government to do so as well, "would be an inefficient and expensive duplication of function." The Congress accepted the Department's comments, specifically recognized the role of looseleaf publications in carrying out the aims of the Freedom of Information Act, and concluded that: "Where agency indexes are now published by commercial firms . . . such publication would satisfy the requirement of this amendment . . ."

The revocation of second-class mailing privileges of looseleaf publications would have a severe impact upon the dissemination of important and vital information concerning governmental activities and

affairs. The very reason of the existence of these periodicals is the delivery of the most current information available. Frequently, the looseleaf publications are the first and often they are the only source of reliable information about changes in the law and regulations and policies by the Federal, State, and local governments. To meet this need, issues of the looseleaf services are often published on a weekly basis and special additional bulletins are not infrequent. If issues of the looseleaf publications were sent as third- or fourth-class mail—with its slower and less reliable services—the value of looseleaf publications as a service of important and current information will be impaired if not destroyed entirely.

The language concerning college catalogs and looseleaf publications is similar to that contained in H.R. 7735 sponsored by Representative William D. Ford.

State conservation magazines

H.R. 8603 also allows magazines published by State conservation agencies to be mailed at second-class nonprofit rates. Under existing law, State conservation magazines are mailed at the same rate utilized by commercial magazines. Unlike their commercial counterparts, however, these magazines are, almost without exception, published without the benefit of advertising revenue, and the burden of postage constitutes a drain on the fish and game funds of States which represent revenues derived from hunter's and angler's license sales.

In 1951, Congress extended preferred rates for certain second-class and third-class mail when mailed by qualified nonprofit organizations including "religious, educational, scientific, philanthropic, agricultural labor, veterans, or fraternal organizations not organized for profit." From the outset the Post Office Department interpreted this provision as not extending the special rates to second-class mail sent by governmental bodies.

In 1962, Congress amended the definition of "qualified nonprofit organizations" eligible for preferred second-class rates to include "one publication published by the official highway agency of a State."

Again, in 1967 Congress amended the definition of "qualified nonprofit organization" to include a "development agency of a State."

H.R. 8603 would simply amend the definition of "qualified nonprofit organization" to include "one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State."

National and State political parties

The bill would also permit national and State political parties which qualify for tax credit eligibility under Section 41 of the Internal Revenue Code to mail under second- and third-class nonprofit rates.

The Federal Election Campaign Act of 1974 imposes new and relatively severe financial responsibilities on national and State political parties. Under the law, both the Democratic and Republican National Committee have the right and responsibility to spend approximately \$9 million on Federal candidates during an election year. Also, State parties can spend a combined total of \$6 million on respective Federal candidates. These are the only organizations, under the law, which can

spend these funds. If the funds are not available, the parties will be unable to fulfill this function. The new funds are in addition to current budgets, thus requiring current fund raising by parties.

The law also imposes strict new contribution limitations. Thus, the major parties must expand their bases with a large number of small contributors. This can be done most effectively by direct mail, but increased postal rates for third class mail make this a most costly operation.

Both the Democratic and Republican National Committees have jointly asked the Postal Rate Commission to expand the nonprofit definition to include political parties. The Postal Service has opposed this application, contending that such action is more properly a legislative function.

In 1971, H.R. 5095 was introduced to achieve that objective. The bill did not receive action largely because of the difficulty of determining eligibility. Since that time, new laws regarding tax credits for contributions to political parties have established a clear set of criteria for eligibility. This legislation would apply only to state and national parties.

Enactment of H.R. 8603 would strongly support the ability of parties to broaden their base of contributions and to encourage the average citizen to play a greater part in the political process.

LIBRARY RATE

Section 13 amends Section 3683 of title 39, United States Code, to permit books, when mailed by a publisher or distributor to a school, college, university or library, to be entitled to the library rate.

The current library rate does not apply to books mailed from publishers and distributors to libraries, schools, colleges and universities, however it does apply to books mailed between libraries. The postal charges are paid by the schools and libraries either as part of the basic price or as a surcharge for postage.

The current book rate is 19 cents for the first pound and 9 cents for each additional pound. The current library rate is 7 cents for the first pound and 3 cents for each additional pound.

Libraries and schools currently receive at least half their books by mail. As a result, every dollar paid for book postage further erodes library and school budgets. The situation is worse for small rural libraries and schools which receive an estimated 90 percent of their books by mail. Under this amendment, these libraries would benefit from the lower rate.

The potential cost of applying the library rate to this situation is considered a minor item in postal finances.

REPORTING REQUIREMENTS

The bill would amend chapter 4 of title 39 by adding a new section 413 to require certain reporting requirements to be carried out by the United States Postal Service on a regular, current basis, along with whatever further information the Postal Rate Commission deems appropriate. Under this section, the Postal Service shall furnish to the Postal Rate Commission information with respect to—

- (1) internal Postal Service management matters;

(2) plans and policies of the Postal Service with respect to proposed changes in the nature of postal services; and

(3) evaluations undertaken by or at the direction of the Postal Service with respect to the operation of the Postal Service.

The Postal Service is also required to provide to the Commission any information which the Commission considers necessary or appropriate for the effective evaluation of the operation of the Postal Service.

REVIEW AND HEARINGS

H.R. 8603 amends chapter 36 of title 39 by adding a new section 3605 dealing with the authority of the Postal Rate Commission to initiate reviews and hearings.

Under this section, the Postal Rate Commission is granted authority to initiate reviews and hearings with respect to the activities of the Board of Governors and the Postal Service. The Commission is granted the authority to issue subpoenas, signed by the Chairman of the Commission, to compel the production of evidence and the testimony of witnesses with respect to any hearing held by the Commission under its authority. This subpoena power is enforceable by a contempt citation in an appropriate district court.

COMMISSION ON POSTAL SERVICE

H.R. 8603 establishes the Commission on Postal Service. The Commission will consist of five full-time members, selected as follows: two appointed by the President, and one each appointed by the President pro tempore of the Senate, the Speaker of the House of Representatives, and the Postmaster General.

The principal function of the Commission will be to examine the public service aspects of the United States Postal Service. The Commission first will identify and define the elements of the Postal Service that properly can be regarded as public service responsibilities. These responsibilities are imposed by law on the Postal Service. After identifying these public service elements of the Postal Service operation, the Commission will determine the cost for providing these public services and also will develop guidelines for defining and estimating such costs in the future. In examining the public service aspects of the Postal Service, the Commission is specifically directed to identify the estimated deficit resulting from the operation of the Postal Service in accordance with the policies of the Postal Reorganization Act.

The Commission also will study the extent to which Congressional appropriations shall subsidize the public service aspects of the Postal Service and recommend a detailed plan for providing such a subsidy. In reaching that recommendation, the Commission must consider the social and economic benefits of the postal system to mail users and recipients of the mail, the capacity of the various mail users to absorb the full costs of the postal system, the extent to which the public in general should pay for an efficient nationwide postal service, the relative economic and social benefits of other uses of public and private funds, and the need of the Postal Service for adequate and dependable financing. Consideration of these five factors assures that the Commission will balance the needs of the public, the mail users, and the Postal Service in recommending an adequate subsidy plan.

Examination of the public service aspects of the postal service and their cost and evaluation of various subsidy plans is necessary to resolve the current dispute over the nature and extent of public service costs. By analyzing public service costs more thoroughly, the Commission will develop a more accurate formula for defining these costs and determining the level of the subsidy.

The Commission also will study the current procedures for setting postal rates and will recommend any changes that will make those procedures more efficient and economical. Any recommendation that the Postal Rate Commission should be abolished, however, must be accompanied by a proposal for a new ratemaking system that will assure independent review of changes in postal rates. The Commission is specifically directed to consider a ratemaking procedure that would allow the Postal Service to raise postal rates unilaterally, except that any rate increases that exceeded changes in consumer prices would have to be approved by a body independent of the Postal Service. The Commission also will study the reasonableness of the ratemaking criteria established in section 3622(b) of title 39. More specifically, the Commission will consider the usefulness of a statutory requirement that the attributable costs of particular classes of mail or mail service be based on the mail volume associated with that class or service. This requirement to study ratemaking factors and cost attribution is designed to resolve the longstanding dispute over the level of attributable costs for each class of mail that has plagued the ratemaking proceedings of the Postal Rate Commission.

In recognition of the tremendous increase in the costs of the postal service since 1970, the Act directs the Commission to study the causes of those increases and to consider various methods for reviewing and controlling postal costs on a regular basis. The Commission may discover that only Congress can provide the necessary review of the capital and operating costs of the Postal Service, it may conclude that the Postal Rate Commission is uniquely situated to assume such an oversight role, or it may recommend that a new system be established to review and exercise some control over the costs of this multi-billion dollar operation.

To assure that the Commission undertakes a thorough examination of these problems, that it completes its work efficiently, and that ultimately it achieves the objectives the law establishes, the law imposes a unique requirement that the Commission submit to the President and each House of Congress detailed interim progress reports four times annually. These quarterly reports will contain a description of the Commission's work up to that stage of its proceedings, will present initial findings and conclusions concerning the Commission's objectives, and will report any difficulties the Commission has encountered in examining various aspects of the Postal Service. By detailing the work of the Commission and its progress in achieving its goals, these interim progress reports will assure the continued participation of the President and the Congress in the proceedings of the Commission.

Congressional participation in the proceedings of the Commission also is achieved by the requirement that all meetings, hearings, conferences or other proceedings of the Commission shall be open to the chairmen of the appropriate congressional committees or their design-

nees. This provision provides a reasonable mechanism for the Congress to make its views on various aspects of postal service known to the Commission, and to share its expertise on postal matter with the Commission. By taking into account the observations of Congress, the Commission will arrive at a more balanced and thoughtful final report.

IMMEDIATE LIMITED TEMPORARY RATES

H.R. 8603 would authorize the Postal Service to place into effect upon ten days' notice in the Federal Register, temporary changes in rates or fees. These temporary rates would reflect across-the-board increases and could not exceed 120 percent of the rates proposed as permanent rates by the Postal Service in its last request to the Postal Rate Commission, dated September 25, 1973.

Prior to the adoption of this amendment in the Committee by a vote of 19 yeas, 8 nays, provisions in the bill would have repealed the existing statutory authority granted the Postal Service to establish temporary rates, and replaced it with the alternative temporary rate setting authority previously discussed in this report.

The practical effect of this provision would have delayed the possibility of any rate increase from January 1976, which would be permissible under current law, to sometime in August of 1976, seven months later.

The Postal Service estimates that it loses some \$250 million for each month that postal rates are not increased. Thus, the additional seven months delay would result in a revenue loss of \$1.75 billion to the Postal Service during this period, or \$50 million more than they would receive under the additional public service appropriations authorized under this bill.

The ultimate result would be to compound and weaken the financial position of the Postal Service rather than alleviate it, which is the main thrust of this bill.

The Committee is of the opinion that this initial temporary rate authority is absolutely essential if the Postal Service is to be expected to carry out the congressional mandate under the Postal Reorganization Act of 1970.

The Committee wishes to stress two points:

First, enactment of this provision does not constitute rate setting by the Congress or, in other terms, a vote for a postal rate increase.

It merely shortens the time period by some 80 days, within which the Postal Service can establish temporary rates. As stated, if existing law were to remain unchanged, the Postal Service would probably establish temporary rates in January 1976. If this bill were enacted by October 1 of this year, the Postal Service would then be able to establish the temporary rates by October 10, or 80 days sooner.

Second, enactment of this provision would limit the amount of temporary rate increases the Postal Service could put into effect.

If existing law were to remain unchanged, the Postal Service would, as it has stated, probably increase the cost of first-class mail from 10 to 13 cents an ounce in January 1976.

Enactment of this provision would limit such an increase to 20 percent of the 1973 request from the Postal Service to the Postal Rate Commission, thus resulting in first-class postage of 12 cents an ounce.

SECTIONAL ANALYSIS

Section 1 provides a short title for the bill, "The Postal Reorganization Act Amendments of 1975.

Section 2 revises section 2401(b) of title 39, United States Code, to authorize an increase in the amount of appropriated funds available to the Postal Service for defraying the costs of "public services." Under existing law, enacted in the Postal Reorganization Act in 1970, the maximum amount of public service appropriations available is \$920 million. The new provisions would authorize an appropriation of \$35 for each delivery address served by the Postal Service.

The Committee believes that the recent Postal Service estimate of approximately 74 million delivery addresses for fiscal year 1974 was based on an appropriate method of determining the total number of delivery addresses served at that time, and would produce an authorization of funds to carry out the Committee's intent to increase public service appropriations from \$920 million to about \$2.6 billion. The Committee recommends that the Postal Service utilize its authority under 39 U.S.C. 401(2) to issue regulations to define "delivery addresses" in accordance with the administrative determinations used to arrive at the 74 million estimate.

As the number of delivery addresses increases, the amounts authorized to be appropriated will also increase.

Section 2, as hereinbefore described, also establishes service requirements for door delivery and curbside and cluster-box delivery by the Postal Service in urban or predominately urban areas.

Section 2401(b) (3), as amended by section 2, imposes a limitation upon use of appropriated funds under 2401(b) (1) to reduce the rates applicable to parcel post. The new section 2401(b) (3) would prevent the rates for parcel post being reduced by more than 10 percent from the rates which would be applicable if public service appropriations were not appropriated.

Section 3, revises the organizational administrative provisions of chapter 36 of title 39 applicable to the Postal Rate Commission.

Section 3601(a) changes the nature of appointment of a Commissioner from a Presidential appointment to a Presidential nomination subject to the advice and consent of the Senate.

Section 3601(b) corrects an inadvertent omission in the original language of the Postal Reorganizational Act to permit a Commissioner to continue in office until his successor has qualified to take office.

Section 3601(c) is existing law.

Section 3601(d) requires the election, by the Commission, of a Vice Chairman, to serve in the absence of, or a vacancy in the position of the Chairman.

Section 3(b) provides that the requirement for nomination and confirmation by the Senate shall not apply to a current Postal Rate Commissioner unless such a Commissioner is reappointed by the President.

Section 4 revises section 3604 of title 39 to clarify the executive authority of the Chairman of the Commission to carry out the duties and powers of his office. Such routine matters as the appointment of general personnel in the Commission, the purchase of materials and supplies, and other ordinary administrative matters shall be carried out by, or by the direction of, the Chairman.

Section 3604(d) (2) revises present law to place the Commission under the ordinary budget and appropriation process applicable to most Federal agencies. Hereafter, the Commission will come to Congress for its operating funds and review of its programs, rather than submitting its budget to the Governors of the Postal Service.

Section 5 clarifies that a majority of the Commissioners in office shall be required to make any final decision of the Commission, such as a recommended decision on rates or classification matters, an advisory opinion on postal services, or a public report on service complaints. Thus, if five Commissioners are currently in office, at least three must vote on any such matter to authorize action, although the vote may in fact be two ayes and one nay. Under 39 U.S.C. 205(c), a *favorable* vote of a majority of the Governors of the Postal Service is necessary to appoint or remove the Postmaster General. Thus, at least five Governors must vote in favor of such an action. This requirement upon the Governors is different from and greater than the requirement of the new section 3624(d) relating to final actions of the Postal Rate Commission.

Section 6 removes the proceedings of the Postal Rate Commission from the *requirement* that such proceedings be conducted under the administrative procedure provisions of 5 U.S.C. 556-557. The Commission *may* use such procedures, but the requirement of the law is removed. The Committee nevertheless expects the Commission to insure fairness in all of its proceedings, and insure that intervenors have an opportunity to present evidence and conduct cross-examination of evidence and witnesses.

Section 6 limits the standards of review for the consideration of appeals to the courts to a judicial determination of whether the administrative action (by the Commission or the Governors) is "arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law". Because the Commission is not required to conduct proceedings under 5 U.S.C. 556-557, the "substantial evidence" standard of 5 U.S.C. 706(2)(E) is applicable.

Section 6(d) insures that the changes effected by section 6(a), (b), and (c) will not apply to current proceedings before the Commission.

Section 7 revises section 3624 of title 39 to establish time limits for the consideration of rate and mail classification cases before the Postal Rate Commission. Hereafter, the Commission shall be expected to submit its recommended decision 10 months after the submission by the Postal Service of a request for a recommended decision. Under the simplified administrative hearing authorized by the bill, the time limit appears reasonable. If the Commission determines that the Postal Service has caused unreasonable delay in responding to interrogatories and supplying data, the Commission may extend the time period by an amount of time equal to the delay. The time so added would extend the period necessary before the Postal Service could impose temporary rates.

The new time limits do not apply to pending cases before the Postal Rate Commission.

Section 8 revises the law relating to temporary rates and mail classifications.

The new section 3641(a) authorizes the Postal Service to establish temporary rates and classifications upon 10 days' notice in the Federal Register after the 10-month period of Commission consideration of a

rate request has expired (so such period as may have actually occurred in the event of unreasonable delay by the Postal Service in proceedings before the Commission).

The temporary rates may not exceed the Postal Service's permanent rate proposals submitted in the request to the Commission, and shall not exceed the amounts necessary, when combined with appropriated funds, to equal the total estimated costs (as that term is defined in 39 U.S.C. 3621) of the Postal Service in its request to the Commission for a recommended decision.

The temporary rates may continue in effect for 150 days following the submission of the Commission's recommended decision, thus permitting an adequate period for review of the recommendation and avoidance of changes in rates resulting solely from a Governor's decision to return a recommended decision for further consideration, or judicial review of a recommended decision or the action of the Governors.

Section 9 adds a new factor to the ratemaking criteria required to be taken in account by the Postal Rate Commission. Under current law, the Commission must consider the policies of title 39 and the specific criteria set out in section 3622 of title 39. This section includes cost and impact factors, but does not include the subjective value of the *mail matter* for which the rates are being recommended. The commission is, however, required to take into account the "relative value to the people of the kinds of mail matter" in establishing the various classes of mail under 39 U.S.C. 3623. Section 9 amends section 3622(b) of title 39 to include as a factor in recommending rates "the educational, cultural, scientific, and informational value to the recipient of mail matter".

Section 10 is designed to reverse the current administrative effort of the Postal Service to revoke second-class entry permits for certain publications. The Postal Service recently determined that certain college catalogs and certain loose-leaf publications were originally incorrectly admitted as second-class materials because, the Postal Service claims, they are not "periodicals" within the meaning of that term as defined by the Supreme Court in the landmark case of *Houghton v. Payne*, 194 U.S. 88 (1904).

Section 10 deems that such catalogs and looseleaf publications are "periodicals" for the purposes of admission in the postal system as second-class mail. Section 10 does not authorize such second-class entry unless such publications fulfill the other requirements for such entry included in former sections 4352-4357 of title 39, as those provisions were carried forward into postal regulations by section 3 of the Postal Reorganization Act.

Section 10 also extends to National and State political parties who qualify for tax credit contributions under the Internal Revenue Code eligibility to mail second-class publications and third-class mail matter at the nonprofit rate rather than the regular rate, and accords nonprofit status for one conservation publication of an agency of a State responsible for the management and conservation of fish or wildlife resources of the State.

Section 11 adds a new section 413 to title 39 and vests new authority in the Postal Rate Commission to insure that the Commission has adequate access to Postal Service data. The Commission is authorized to

request such information as it deems necessary or appropriate for effective evaluation of the Postal Service, and the Postal Service is required to furnish such information.

Section 12 adds a new section 3605 to title 39, and authorizes the Postal Rate Commission to review the activities of the Board of Governors of the Postal Service, and the Postal Service, with respect to matters arising under chapter 36 of title 39. The Commission is authorized to issue subpoenas and compel the production of evidence and the testimony of witnesses with respect to matters within the purview of chapter 36 of title 39.

Section 13 authorizes book publishers or book distributors to mail books to any school, college, university, or library at the preferred rates of postage heretofore applicable only to books mailed *between* such institutions. The effect of the amendment should be to reduce the cost of postage paid by such schools or libraries, thus making more funds available for the purchase of books and other library materials.

Section 14 authorizes the Postal Service, notwithstanding other provisions of law, to institute one rate increase upon 10 days' notice following the submission of a request for a recommended decision by the Postal Rate Commission under 39 U.S.C. 3622. Such a request cannot be made until the Commission's recommendation in the pending rate case, R74-1, has been acted upon by the Governors. Thereafter, the Postal Service may adjust rates upon a temporary basis without regard to the time limitations presently in effect (90 days) or as proposed to be made effective (10 months). The temporary rates so established may not exceed 20 percent of the permanent rates proposed to be established by the Postal Service in the pending rate case, R74-1.

Section 15 creates the Commission on Postal Services, described elsewhere in this report.

COST

The major element of cost involved in this legislation results from the provisions which authorize additional appropriations under the formula provided in section 2. Under this formula, it is anticipated that the authorization for appropriations for the fiscal year 1976 will be \$2.6 billion.

It is estimated that one million additional delivery addresses are added to the postal delivery service each year. On the basis of the one million additional delivery addresses each year, the additional authorization for appropriations under the formula would increase by \$35 million for each of the fiscal years 1977, 1978, and 1979.

The Committee has no facts upon which to base an estimate of the additional costs that will arise under the provisions of the bill increasing the application of the preferred postal rates.

COMPLIANCE WITH CLAUSE 2(1)(3) OF RULE XI

With respect to the requirement of clause 2(1)(3) of Rule XI of the Rules of the House of Representatives—

(A) The Subcommittee on Postal Service is vested under Committee Rules with legislative and oversight jurisdiction and responsibility over the subject matter of H.R. 8603 and made no specific findings and recommendations in connection with its oversight responsibilities during the hearings on the subject matter in H.R. 8603;

(B) The measure does not provide new budget authority or new or increased tax expenditures and thus a statement required by section 308(a) of the Congressional Budget Act of 1974 is not necessary;

(C) No estimate and comparison of costs has been received by the Committee from the Director of the Congressional Budget Office, pursuant to Section 403 of the Congressional Budget Act of 1974; and

(D) The Committee has received no report from the Committee on Government Operations of oversight findings and recommendations arrived at pursuant to clause 2(b)(2) of Rule X.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of Rule XI of the Rules of the House of Representatives, the Committee has concluded that the enactment of H.R. 8603 will have only a minimal inflationary impact. The approximately \$1.7 billion a year for 4 years authorized additionally for public service appropriations will be used to replace funds which would otherwise have to be raised through increased postal rates or increased borrowing authority.

ADMINISTRATION VIEWS

There are set forth below the reports on this legislation from the Office of Management and Budget, the Postal Rate Commission, and the U.S. Postal Service.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET, *Washington, D.C., July 16, 1975.*

HON. DAVID N. HENDERSON,
Chairman, Post Office and Civil Service Committee, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your request for the views of the Office of Management and Budget on H.R. 8603, a bill, "with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes."

This legislation would codify a new formula for the public service subsidy provided to the Postal Service under Section 2401(b) of Title 39. Under current law, the subsidy is an amount equal to 10% of the sum appropriated to the former Post Office Department in fiscal year 1971. Annual Federal payments to the Postal Service under this provision have been \$920 million. The formula embodied in H.R. 8603 would provide an annual subsidy of \$35.00 for each delivery address served by the Postal Service. It has been estimated that the Federal public service payment under H.R. 8603 would jump to \$2.6 billion in fiscal year 1976.

OMB strongly opposes enactment of H.R. 8603. While we recognize that substantial additional revenues are probably needed to head off an intolerable Postal Service operating deficit in 1976, we believe that H.R. 8603 provides an unacceptable solution.

First, the proposed formula is unreasonable and no factual basis has been advanced in its support. Second, H.R. 8603 erodes the basic principle embodied in the Postal Reorganization Act of eventual self-

sufficiency pursuant to which mail users rather than taxpayers support the revenue needs of the Postal Service.

At this time, we would also oppose the various permanent changes affecting the rate setting process proposed in H.R. 8603. We believe that Congress and the Administration should address promptly the need for changes in the rate setting mechanism so that it can respond surely and timely to changing revenue needs. We are concerned that the changes proposed in this bill may not adequately accomplish their objective, and believe that these changes should be studied further in the next few months.

For the reasons stated above we would recommend that the President not sign H.R. 8603, if enacted.

Because the existing mechanism for establishing postal rates has failed to produce adequate revenues, we recognize that some legislative solution is needed. We will be happy to discuss possible solutions with the Committee.

Sincerely yours,

JAMES T. LYNN,
Director.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., July 22, 1975.

Hon. EDWARD J. DERWINSKI,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DERWINSKI: This is in response to your request for OMB's estimate of the impact on revenues for the U.S. Postal Service of alternative effective dates for a new postal rate increase.

We estimate that a 30 percent across the board increase in current postal rates would produce approximately \$230 million per month in additional revenues for the Postal Service.

Under existing law, the Postal Service would be required to wait 100 days after the Postal Rate Commission transmits its recommended decision to the Postal Governors before it could implement increased rates on a temporary basis. Under H.R. 7718, the Postal Service would be authorized to increase rates on a temporary basis following 10 days' notice in the Federal Register. The effect of this 90-day reduction in the waiting period would be to increase fiscal year 1976 revenues—and reduce the anticipated operating deficit—by approximately \$700 million.

In light of the consequences of these alternatives, and in consideration of a substantial anticipated operating deficit for the Postal Service in fiscal year 1976, the Administration would support simple legislation to reduce from 90 to 10 days the current waiting period for the next Postal Service rate increase. We believe that this simple and temporary change in existing law would reduce the financial problems faced by the Postal Service in fiscal year 1976, and would not compromise the basic reforms embodied in the Postal Reorganization Act of 1970.

Sincerely yours,

JAME. T. LYNN,
Director.

POSTAL RATE COMMISSION,
OFFICE OF THE CHAIRMAN,
Washington, D.C.

HON. DAVID N. HENDERSON,
*Chairman, Committee on Post Office and Civil Service,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This letter responds to your request of June 13, 1975, for an expedited report on H.R. 7718, a bill amending in various respects the Postal Reorganization Act of 1970 (hereinafter, "the Act").

H.R. 7718 contains a number of provisions which are also found in H.R. 2445 or were proposed by the U.S. Postal Service before Mr. Hanley's Subcommittee earlier this year.

We testified before the Hanley Subcommittee on March 11, 1975, on H.R. 2445 and transmitted our letter dated April 4, 1975,¹ to Chairman Hanley regarding the U.S. Postal Service's proposals. Therefore, we will not comment on those provisions on which the Commission has already given its position but, rather, refer the Committee to those previous communications.

In this letter, we will limit our comments to those provisions on which we have not previously commented.

Section 2.—The new § 3601(d) of Title 39, U.S.C., provides for the election by the Commission of a Vice-Chairman, and directs that he shall "act as Chairman of the Commission in the absence of the Chairman".² This language does not specifically provide for the Vice-Chairman's so acting if the office of Chairman is vacant. In view of the extended administrative powers given the Chairman by § 3 of H.R. 7718, it might be desirable to make clear that a Vice-Chairman could exercise these functions "in the absence of the Chairman or when the office of Chairman becomes vacant".

Section 3.—Subsections (2), (b), and (c) of the new § 3604 contained in this section would transfer certain administrative functions, now carried out collegially, to the Chairman. Our comments are concerned with the "appointment of personnel" function covered by proposed § 3604(a) (1).

We have considered the potential advantages of this form of organization, as balanced against those of our present system. The Commission, with about 70 employees (exclusive of Commissioners' personal staffs), is relatively a very small agency. The advantages of centralizing hiring under the Chairman are therefore less than in a more typical regulatory body, such as the Federal Power Commission (1320 employees) or the Civil Aeronautics Board (718 employees), since the demands of personnel matters on Commissioners' time are relatively minor and infrequent. Nevertheless, we recognize that the extra benefit of pre-employment review by each Commissioner is not necessary at all staff levels. (Our past practice has in fact conformed to this realization.) We do believe that, so far as personnel who directly assist the Commission are concerned, this benefit is a real one and should be retained.

We therefore propose that the new § 3604(a) (1) and (2) contained in § 3 of the bill be revised to read:

* * * (1) the appointment of personnel employed under the Commission (except Office heads, who shall be appointed by the Com-

¹ 94th Cong., 1st Sess., Hearings before the Subcommittee on Postal Service, House of Representatives, on H.R. 2445 (Serial No. 94-4), pp. 157 ff. (March 11 testimony) and 348 ff. (April 4 letter).

² We believe that present § 3603 of the Act gives the Commission power to elect a Vice-Chairman and, on July 2, we adopted a "rule" establishing an Office of Vice-Chairman. This rule provides for an annual election of the Vice-Chairman. (See PRC Order No. 78, attached.) Concurrently with the adoption of the rule, Commissioner Carlos C. Villarreal was unanimously elected to that office by the members of the Commission.

mission), (2) the supervision of such personnel and distribution of business among them and among the Commissioners. * * *.

We believe that the standard suggested for subsection 3604(a)(1) would preserve the benefits of both a useful degree of centralization and a pre-employment review by all Commissioners of those employees who will work most closely with them.

Proposed subsection 3604(d)(2) would eliminate the present review by the Governors of the Postal Service of the Commission's budget. We would not object to this amendment. It is formally more consistent with our role as an independent reviewing body, although the present budgetary system has for the most part worked well.

Section 4.—This section of H.R. 7718 would require recommended decisions in rate and classification matters to be made by "an absolute majority of the Commissioners in office". We believe this revision would effect a useful clarification. As we understand it, it would require that where there are five or four Commissioners in office, a decision would have to command the assent of three, and where three are in office, two affirmative votes would be needed.

We would raise three technical questions, however. First, it is not clear what the term "absolute" adds to the numerical concept of "a majority of the Commissioners in office". Even without the word "absolute", an arithmetical majority of the Commissioners in office would be required.

Secondly, the language of the bill suggests that the actual decision rendered must be agreed to by a majority. This could prove troublesome where, for example, two Commissioners sign an opinion prescribing certain rates, one concurs entirely in those rates but wishes to explain the different reasoning by which he arrived at that result, and the remaining two dissent. Under these circumstances there might be a question whether the Commissioner who concurs in the result but writes a separate opinion could be counted as part of the required majority (in this case, three). We would suggest substituting for the phrase "made by a vote of an absolute majority" in § 4 the phrase "concurred in by an absolute majority". This would preserve the majority principle desired, while leaving concurring Commissioners free to express individual views.

Thirdly, § 3 of the bill, in rewriting § 3604 of the Act, eliminates the general majority requirement for Commission action. By writing the new standard only into §§ 3622 and 3623, § 4 of H.R. 7718 leaves no provision governing other Commission actions, such as those performed under § 3661 (opinions on changes in the nature of service) and § 3662 (complaint cases). We would suggest adding the rule proposed for §§ 3622 and 3623 at the end of §§ 3661(c) and 3662 as well, making appropriate changes to reflect the different types of action called for ("advisory opinion" under § 3661: "recommended decision" or "report" under § 3662).

Section 5.—We note that, in contrast to the corresponding provision in H.R. 2445, this section in H.R. 7718 provides for the submission not of "evidence" but of "data and arguments" in rate and classification cases. To the extent that this phrase could be read as allowing parties to make less formal factual presentations we believe it would make our analytical and judgmental task more difficult.

Sections 6 and 7.—We treat these sections of H.R. 7718 together, since they form a single scheme for the restructuring of postal rate

and classification proceedings. As we understand the system proposed, the Postal Service would be entitled, if the Commission did not succeed in issuing a recommended decision within ten months from the Service's filing of a request, to put the requested rates into effect as temporary rates under § 3641.³ Following the issuance of a recommended decision, the temporary rates could remain in effect for up to 150 days (rather than the present 30), while the Governors considered the decision.

Thus, while the system proposed in H.R. 7718 increases the maximum amount the Service can charge as temporary rates (by eliminating the "one-third greater" limitation of present § 3641), it also limits the promptness with which such temporary rates can be made effective. It is possible that the extended waiting period before temporary rates could go into effect would result in an appreciable financial burden on the Postal Service. Whether the increase in the limit on temporary rates would compensate for this effect would depend on the facts of each case.

Section 8.—This provision of H.R. 7718 would carve out a "one-shot" exception to the procedures set up in §§ 6 and 7. In the next rate case filed after July 1, 1975, the Service would be permitted to place its temporary rates into effect almost immediately after filing its request, rather than waiting ten months as the normal procedures would dictate. This mechanism would provide a means of allaying the reportedly exceptional deficit faced by the Service in the near future. We gather from the way in which the section is written that it would not form part of the Postal Reorganization Act as collected in permanent form in Title 39, but is rather temporary or emergency legislation.

Under these circumstances, we believe that the choice of whether to aid the Service by a transitory modification of rate case procedures or by an appropriation is peculiarly within the discretion of Congress. Section 8 has the advantage of adhering more closely to the principle that postal services should be paid for by those who use them.⁴ On the other hand, we believe that the truly independent and scientific system of ratemaking desired by Congress can be best achieved if temporary alterations of the governing law are avoided.

Because of the expedited legislative schedule for this bill, we have not requested the advice of the Office of Management and Budget on these comments. We are transmitting copies of this letter to OMB, and will forward its advice, if any, to the Committee.

We hope that these comments will be helpful to the Committee. If you desire any further information from us, please let us know.

Sincerely,

CLYDE S. DUPONT,
Chairman.

Attachment.

³ Under present law, the Service may put in effect, 90 days after filing a request, temporary rates not more than one-third above the last permanent rate.

⁴ Maximum possible compliance with this principle, of course, is not achieved without a thorough review of rates for each class and type of service. Thus, any mechanism which increases the incidence of temporary rates tends somewhat to undercut the principle.

UNITED STATES OF AMERICA, POSTAL RATE COMMISSION, WASHINGTON,
D.C. 20268

Before Commissioners: Clyde S. DuPont, Chairman; Paul A. Mil-
tich; Kieran O'Doherty; Frank P. Saponaro; Carlos C. Villarrel

(Docket No. RM76-1)

ELECTION OF THE VICE CHAIRMAN OF THE COMMISSION

ORDER ESTABLISHING PROCEDURE FOR ELECTION OF THE VICE-CHAIRMAN
OF THE COMMISSION

(Issued July 2, 1975)

The Postal Rate Commission has determined that in the interests of orderly and efficient dispatch of business, there should be a regular provision for the election of a Vice-Chairman. The amendment to our rules of organization made by this Order will provide such a procedure.

The rule we are adopting will provide for the annual election of a Vice-Chairman from among the members of the Commission. The present regulation (39 CFR § 3002.2(b)) provides for the ad hoc election of an Acting Chairman when required by circumstances.

Since the amendment herein made involves matters of agency organization and procedure, the notice requirements of the Administrative Procedure Act, 5 U.S.C. § 553, do not apply. We find further that good cause exists for making this amendment effective as of July 2, 1975.

Accordingly, pursuant to § 3603 of the Postal Reorganization Act (39 U.S.C.), it is ordered that Part 3002 of the Commission's Regulations (39 CFR Part 3002) is hereby amended as follows:

1. Section 3002.2(b) is amended by changing the title thereof to read "*The Chairman and Vice-Chairman*", and by deleting the last sentence thereof, and substituting for the deleted sentence the following:

The Commission shall elect annually a member of the Commission to serve as Vice-Chairman of the Commission for a term of one year or until his successor is elected. In case of a vacancy in the office of the Chairman of the Commission, or in the absence or inability of the Chairman to serve, the Vice-Chairman, unless otherwise directed by the Chairman, shall have the administrative responsibilities and duties of the Chairman during the period of vacancy, absence, or inability.

[Sec. 3603 Postal Reorganization Act, 84 Stat. 759, 39 U.S.C. 3603; 5 U.S.C. 552, 553, 80 Stat. 383, 384.]

By the Commission.

JAMES R. LINDSAY,
Secretary.

U.S. POSTAL SERVICE,
LAW DEPARTMENT,
Washington, D.C., July 18, 1975.

Hon. DAVID N. HENDERSON,
*Chairman, Committee on Post Office and Civil Service,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This responds to your request for the views of the Postal Service on H.R. 8603, the proposed "Postal Reorganization Act Amendments of 1975".

THE NEED FOR EMERGENCY LEGISLATION

It has become apparent in recent months that legislative action is urgently required to resolve the deepening financial crisis into which the Postal Service has been cast by the continuing failure of the present ratemaking provisions of title 39 to keep pace with the revenue requirements of the postal system at current cost levels. Two distinct corrective actions are needed: (1) an immediate injection of new revenues to avoid continuing increases in the deficits already incurred as a result of past delays in concluding ratemaking proceedings; and (2) a permanent change in the ratemaking statutes so that similar deficits will not have to be incurred again in the future.

An injection of substantial increases in revenues in the next few months is absolutely essential to the continuation of postal services of the quality we all want and expect to be provided. Due to increases in the cost of living and price of fuel, the Postal Service lost nearly \$440 million in FY 1974 and an estimated additional \$870 million in FY 1975. Even discounting entirely the possibility of cost increases as the result of the national collective bargaining presently underway, we estimate that the Postal Service would lose in excess of \$1.6 billion for FY 1976 at existing rates. There is absolutely no way in which costs can be reduced within the time available in order to avoid deficits of this magnitude, while still providing postal services on an acceptable scale.

DEALING WITH THE IMMEDIATE PROBLEM OF ACCELERATING DEFICITS

Section 2 of H.R. 8603 proposes to address the need for additional revenues by authorizing additional public service appropriations to the Postal Service. The present permanent authorization in 39 U.S.C. § 2401(b), which authorizes an appropriation of \$920 million through 1979 and smaller amounts thereafter, would be replaced by an authorization for fiscal years 1976 through 1979 in an amount equal to \$35 multiplied by the estimated number of delivery addresses served by the Postal Service during the fiscal year involved. Assuming that the term "delivery addresses", which is not defined, includes city residential and business addresses, rural residential and business addresses, star route boxes, and post office boxes, the amount authorized for fiscal year 1976 is estimated to be \$3 billion, for approximately 85.8 million addresses. If post office boxes should be excluded (and if this is intended the legislative history should so indicate), the amount would be approximately \$2.73 billion for 78 million addresses.

While providing this additional authorization for the current fiscal year, the bill would also postpone any exercise of Postal Service authority to establish new temporary rates. Under present law, the Postal Service would be able to establish new temporary rates 90 days following a request for new permanent rates, which would be made shortly after permanent rates become effective under the request made on September 25, 1973 (Postal Rate Commission Docket No. R74-1). However, section 8 would amend 39 U.S.C. § 3641 to provide that further changes in rates and fees could not be made until 10 months after the next Postal Service request for a recommended decision, unless made sooner on a permanent basis as a result of that request.

Regardless of the merits of adjustments in the present permanent public service authorization, we believe that complete reliance on an increased authorization for fiscal year 1976 appropriations as the means of stanching the mounting deficits that have placed postal finances in the present state of crisis is fundamentally misplaced as a matter of both policy and practical strategy. As is recognized by the amendments to the ratemaking procedure proposed by sections 3-8 of the bill, the principal reason for this crisis is the inability of the present ratemaking structure to perform with reasonable expedition, which has meant that rate increases made necessary by increasing costs have been delayed. Accordingly, an immediate rate adjustment would be the most effective and equitable way to place the Postal Service as nearly as possible in the financial position where revenues from ratepayers and appropriations cover current costs as required by the Postal Reorganization Act. In comparison, the alternative of a large increase in general subsidies to the Postal Service in fiscal year 1976 would be more difficult to achieve and could be unfair to the taxpaying public. Authorizing legislation for such an increase would have to be followed by appropriations not provided for in the President's Budget or the First Concurrent Resolution on the Budget. If enacted, such appropriations would require taxpayers to assume the full burden of a charge which should be borne mostly by mailers, who have benefited from the delay in postage increases while other costs in the economy have been rising. Since it is unlikely that the nearly \$3 billion authorized would be fully appropriated, and since no provision is made for the adjustment of rates by the Postal Service to the extent appropriations fail, the enactment of section 2 would apparently require the Postal Service to absorb still further deficits while awaiting the outcome of a request for supplemental appropriations, before beginning the 10-month waiting period required under section 8.

In our judgment, it is apparent that rather than relying on fiscal year 1976 appropriations increases, the bill should deal with the immediate need to place the Postal Service in a revenue position responsive to present costs by adopting a provision such as section 8 of H.R. 7718, a bill now pending before the Committee, which would permit temporary increases in postal rates and fees immediately upon the filing of the next Postal Service proposal for a permanent adjustment. This temporary authority would permit, for this one time, a new rate and fee adjustment (either at once or in stages) which could not exceed the proposed permanent increases for any rate or fee, could not exceed the amount necessary so that income and appropriations together would equal estimated costs, and would have to conform to the rate policies of title 39.

CHANGING PERMANENT RATEMAKING PROCEDURES

To deal with the need for permanent improvements in the postal ratemaking procedures, H.R. 8603 proposes three sets of changes, which generally would not be applied to the rate and classification proceedings now pending. Most importantly, sections 7 and 8 propose to amend 39 U.S.C. §§ 3624 and 3641, respectively, to require the Postal Rate Commission to provide the Governors of the Postal Service with recommended decisions on rate and classification proposals

within 10 months of their submission and to permit the Postal Service to put temporary changes into effect if the Commission does not meet its deadline. Temporary changes in rates of postage and fees for postal services could not exceed the proposed permanent rates and fees. Temporary changes in rates and fees or in the mail classification schedule would remain in effect for up to 150 days following the transmission of a recommended decision. This would allow time for the required consideration of a recommended decision by the Governors and the possible reconsideration by the Commission provided for under 39 U.S.C. § 3625, and adequate public notice of the final changes.

We believe that 10 months should be a sufficient time to provide a fair and comprehensive rate or classification proceeding in which all interested parties will have a reasonable opportunity to present their views. Certainly experience has shown that we cannot afford the luxury of extending the proceedings for any longer period, so that the cost and revenue questions under debate are mooted by the passage of time and the system which such proceedings exist to support is brought to the point of peril. The framers of the Postal Reorganization Act expected that authority to institute temporary rate increases, 90 days after a proposal, to one-third greater than the last-approved permanent rate, would provide the necessary encouragement to the Commission and the participants "to expedite the proceedings and not create unnecessary delays." 116 Cong. Rec. 27606 (1970) (remarks of Mr. Udall). Since that hope has not been realized, we believe that imposing a statutory time limit is needed to produce the necessary tight scheduling for each step of the process and disciplined insistence on time-saving procedures wherever possible.

This amendment would postpone the earliest date upon which the Postal Service may impose temporary rates from the present 90 days following a request for a recommended decision to no earlier than ten months following such a request. While we would prefer that the 90-day waiting period be retained, we would consider the additional 7-month extension an acceptable price to pay, once the present outdated rates are brought into line with current costs, if we can indeed be assured that a recommended decision will be forthcoming within that 10-month period.

The second major change proposed by the bill with respect to permanent procedures deals with the nature of the proceedings to be held by the Postal Rate Commission. In our opinion, the bill is not entirely consistent in this regard. Section 6(a), (c) would amend 39 U.S.C. §§ 3624(a), 3661(c) to delete the present requirement that the Commission conduct proceedings relating to rate, classification, and service changes "on the record under sections 556 and 557 of title 5", which provide for administrative trails. Presumably, the intent is to have the Commission instead conduct less formal proceedings patterned upon legislative hearings. This is consistent with the amendment proposed by section 6(b), which would modify the scope of judicial review under 39 U.S.C. § 3628 and 5 U.S.C. § 706 to that appropriate for an informal proceeding short of formal adjudication. However, present 39 U.S.C. § 3624(b), which provides for such formal procedures as prehearing conferences and discovery and which permits proceedings off the rec-

ord only with the consent of the parties, would not be changed. In addition, the Postal Rate Commission would be permitted to extend the 10-month deadline proposed under section 7 to the extent that it found that the Postal Service had delayed the proceeding by failing to respond within a reasonable time to any lawful order. It is not clear, if the required hearings are to be legislative in character, what kind of order appropriate to such a proceeding could result in such a delay by the Postal Service. Indeed, it seems that any recommended decision built around an informal legislative hearing unquestionably should be forthcoming well within the 10-month limit. If the hearings are to be informal, the bill should not provide any means of extending the deadline.

As indicated during our testimony on H.R. 2445 before the Subcommittee on Postal Service earlier this year, we favor the use of informal recommended decisions with respect to mail classification and advisory rulemaking procedures by the Postal Rate Commission in developing opinions with respect to service changes specified in 39 U.S.C. § 3661. Decisions with respect to these matters require basic policy judgments which can best be handled in this manner. We would provide simply that the Commission shall consider these matters in accordance with 5 U.S.C. § 553 except that the opportunity for oral presentation shall be required.

We do not favor relaxing the present requirement for formal adjudication in the case of proposed changes in rates of postage and fees for postal services. In our judgment, the opportunity for discovery and cross-examination is more critical in developing equitable rates and fees than in determining the mail classification schedule. However, in our judgment, the present intermediate level of decision should be eliminated and the Commission itself should be required to hear the full proceeding. The bill apparently contemplates this change by proposing to require that "the Commission shall hold hearings." With this modification and with proper discipline, we believe that a formal postal rate proceeding and the required recommended decision ordinarily can be completed within a 10-month period.

Even if the bill were amended to preserve formal hearings in the case of rate determinations, we believe that giving the Commission the authority under proposed 39 U.S.C. § 3624(c) (2) to extend the 10-month deadline by attributing the delay to the Postal Service might still be counter-productive. The 10-month period certainly will not suffice unless the proceeding focuses more strictly on expediting the business at hand than has been the practice in the past, when it has been considered appropriate to permit all parties to obtain complex discovery of interesting background information of only marginal relevance at best. If the provision for extending the 10-month deadline is retained, we believe that as an absolute minimum, such an extension should require the unanimous vote of the Commission and it should be clarified that such authority would be available only in the event of specific and deliberate attempts to delay proceedings which could otherwise have been concluded within 10 months by denying information material to a recommended decision. If revenues needed to maintain adequate postal services are denied by postponing both a recommendation on permanent changes and the availability of authority

for temporary increases, those who need postal services, not the managers of the Postal Service, are the ones who are penalized.

A third group of permanent changes proposed by the bill are the amendments contained in sections 3 through 5, dealing with the selection, budget, and administrative procedures of the Postal Rate Commission. The Postal Service has no objection to these proposals.

COLLATERAL MATTERS

In Subcommittee, several amendments were added which are irrelevant to the central character of the bill as an emergency package to avert an imminent financial breakdown in the Postal Service and to place ratemaking on a basis under which it can begin to establish the relationship between postal revenues and costs intended by Postal Reorganization. There remain a great number of other issues raised by H.R. 15511 in the 93rd Congress and H.R. 2445 in the present Session which are awaiting further consideration by the Committee after this emergency legislation is completed. The extraneous amendments adopted in Subcommittee can only complicate the progress of the central proposals of this package.

The Postal Service strongly opposes the amendment placed in section 2 of the bill which would amend 39 U.S.C. § 2401(b)(2) to require existing modes of delivery service to be retained and new addresses to be given delivery to the door, except as provided by local governments. In the first place, we believe that such an abdication of Federal responsibility for administering Federal services would be subject to serious question under the Constitution. A fuller examination of that issue is presented in a memorandum attached to this report. Even if the amendment could be legally upheld, it would be bad Federal policy and precedent, in our view. The proposal would not retain for the Federal Government any means of insuring that recipients of Federal postal services are treated fairly by the local officials to whom control over the mode of postal delivery services is delegated. The "approval" or "disapproval" of particular citizens' desired form of delivery could depend on the power or influence of the petitioning parties. In addition, the proposal would not permit the Postal Service to assure that delivery services will be administered in a rational manner. There would be no requirement that types of delivery services provided for adjacent addresses follow a consistent pattern. Even in a community where all deliveries are not made at the curbside, the local government apparently could require that new houses be served at the door. This could eventually turn delivery routes into a patchwork quilt of mixed modes of delivery that would be inefficient and expensive and could make delivery services appear completely irrational to neighbors treated inconsistently.

The irresponsibility of such a delegation to local communities is illustrated further by the vagueness and indisputable overbreadth of the provision, which would be a nightmare to administer. The proposal would require continuation of "the delivery service requirement in effect", absent local approval of a change. Postal Service delivery service requirements could be interpreted to include such substantive policies presumably outside the scope of concern of the provision's sup-

porters as the frequency of deliveries, or purely administrative matters, such as the choice between walking and park-and-loop delivery routes. There is certainly no reason to assume that local authorities would be uninterested in attempting to assert jurisdiction over such matters. To the extent that delivery service requirements are delegated to local control, it would probably be impossible for the Postal Service to obtain the thousands of approvals necessary to apply any innovations uniformly for the benefit of all citizens.

Further, it would not be clear in many cases what is the "unit of general local government" to which responsibility would be delegated. Many states have delegated various state functions to a number of local bodies with overlapping jurisdiction. Additional administrative problems would be created because postal administrative boundaries often do not coincide with local political jurisdiction. Moreover, there would be great doubt, which might often require litigation, as to whether an attempted local exercise of "disapproval" or "approval" by a particular local agency would suffice. The bill provides no procedural standards for such action. In each case, whether a particular action would be sufficient could depend on the vagaries of state and local law. This could mean that the local postmaster would be required to obtain advice of counsel in order to know how to proceed with each extension of service. In addition, there would be no clear demarcation, under proposed 39 U.S.C. § 2401(2)(c), of the point in time at which failure of the local government to disapprove proposed curbside service would be established. The Postal Service and its customers cannot be expected to shift delivery routes back and forth and uproot and restore boxes as local views and administrations change.

Finally, there would be no exemption for rural delivery areas or houses with large set-backs. This could mean that when a new farm residence is built, the local authorities, in their discretion, could require national ratepayers and taxpayers to finance delivery service to the farmhouse door, no matter what the cost. This could also be the case with respect to exclusive city neighborhoods with large estates, no matter how far the houses are recessed from the street.

The Postal Service also strongly opposes section 9, which would amend 39 U.S.C. § 3626 to create narrow, special-interest exemptions from the general rules of eligibility for reduced rates of postage under that section. Proposed section 3626(b) would define as "periodical publications" eligible for second class rates catalogs and course listings of institutions of higher learning and loose-leaf supplements of treaties or compilations. This provision is identical to that proposed by H.R. 7735. A copy of the Postal Service report on that bill is appended to this report. Proposed section 3626(d) would extend special second-class postage rates to one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of the State. The Postal Service report opposing an identical provision, section 1 of H.R. 2813, also is appended to this report. Proposed section 3626(c) would extend special second- and third-class postage rates to political committees eligible to receive tax credit contributions under 26 U.S.C. § 41(c)(1)(C), (D). We oppose this provision for many of the same reasons expressed in the reports on H.R. 2813 and H.R. 7735. It undermines the integrity

of a rational mail classification schedule to write into law narrow special-interest exemptions from the standard definitions of the schedule.

The Postal Service also opposes the amendment in section 2 of the bill, modified in Subcommittee, which is intended to deny part of the benefit of public service funds, if appropriated, to fourth-class mailers. It would be inconsistent to provide general public service subsidies on the theory that the entire mail delivery system is a public benefit, but to treat a particular class of mail as if that were not the case. Even if it were appropriate to protect Postal Service competitors by subsidizing only those rates covering classes of mail over which the Postal Service generally has a monopoly, that principle could not justify this provision because second-class and certain other mailings besides fourth-class may be carried outside the mails.

CONCLUSION

The Postal Service strongly favors establishing a 10-month limit on the rate proceedings leading to a recommended decision of the Postal Rate Commission. However, we believe that much of the remainder of H.R. 8603 strays from the crucial task of providing an immediate means of starting to equalize Postal Service receipts with payroll and other costs and consider on the whole that the bill in its present form simply would be ineffectual in that regard. Accordingly, we would urge substantial modifications to the bill as indicated in the foregoing.

Sincerely,

LOUIS A. COX,
General Counsel.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

TITLE 39, UNITED STATES CODE

CHAPTER 4.—GENERAL AUTHORITY

Sec.

401. General powers of the Postal Service.
402. Delegation of authority.
403. General duties.
404. Specific powers.
405. Printing of illustrations of United States postage stamps.
406. Postal services at Armed Forces installations.
407. International postal arrangements.
408. International money-order exchanges.
409. Suits by and against the Postal Service.
410. Application of other laws.

411. Cooperation with other Government agencies.
 412. Nondisclosure of lists of names and address.
 413. *Reporting requirements.*

* * * * *

§ 413. *Reporting requirements*

(a) *The Postal Service shall keep the Postal Rate Commission fully and currently informed with respect to the operation of the Postal Service. The Postal Service shall furnish to the Commission information with respect to—*

- (1) *internal Postal Service management matters;*
 (2) *plans and policies of the Postal Service with respect to proposed changes in the nature of postal services; and*
 (3) *evaluations undertaken by or at the direction of the Postal Service with respect to the operation of the Postal Service.*

(b) *The Postal Service shall furnish to the Postal Rate Commission any information which the Commission considers necessary or appropriate for the effective evaluation of the operation of the Postal Service.*

* * * * *

CHAPTER 24.—APPROPRIATIONS AND ANNUAL REPORT

Sec.

2401. Appropriations.

2402. Annual report.

§ 2401. Appropriations.

(a) There are appropriated to the Postal Service all revenues received by the Postal Service.

[(b) (1) As reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere, there are authorized to be appropriated to the Postal Service the following amounts:

[(A) for each of the fiscal years 1972 through 1979, an amount equal to 10 percent of the sum appropriated to the former Post Office Department by Act of Congress for its use in fiscal year 1971;

[(B) for fiscal year 1980, an amount equal to 9 percent of such sum for fiscal year 1971;

[(C) for fiscal year 1981, an amount equal to 8 percent of such sum for fiscal year 1971;

[(D) for fiscal year 1982, an amount equal to 7 percent of such sum for fiscal year 1971;

[(E) for fiscal year 1983, an amount equal to 6 percent of such sum for fiscal year 1971;

[(F) for fiscal year 1984, an amount equal to 5 percent of such sum for fiscal year 1971; and

[(G) except as provided in paragraph (2) of this subsection, for each fiscal year thereafter an amount equal to 5 percent of such sum for fiscal year 1971.

[(2) After fiscal year 1984, the Postal Service may reduce the percentage figure in paragraph (1)(G) of this subsection, including a

reduction to 0, if the Postal Service finds that the amounts determined under such paragraph are no longer required to operate the Postal Service in accordance with the policies of this title.

[(3) The Postal Service, in requesting amounts to be appropriated under the subsection, shall present to the appropriate committees of the Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of this title.]

(b) (1) *There is authorized to be appropriated to the Postal Service for the fiscal year ending June 30, 1976, and for each of the fiscal years ending September 30, 1977, 1978, and 1979, an amount equal to \$35 multiplied by the number of delivery addresses estimated by the Postal Service to be served during the fiscal year involved. There is authorized to be appropriated to the Postal Service for the period commencing July 1, 1976, and ending September 30, 1976, an amount equal to one-fourth the amount authorized under this subsection for the fiscal year ending June 30, 1976.*

(2) (A) *The appropriations authorized in paragraph (1) shall be used to reimburse the Postal Service for the costs of maintaining a system which shall provide a maximum degree of effective and regular postal services throughout the Nation, and which is available to serve the entire public regardless of particular individual usage.*

(B) *Except as provided in subparagraph (C), the Postal Service shall provide door delivery or curblane delivery to all permanent residential addresses (other than apartment building addresses). The Postal Service shall provide door delivery in any case in which the unit of general local government having jurisdiction over the address involved has adopted zoning ordinances in the interest of protecting the public safety which prohibit the construction or maintenance of any structure on the property adjacent to the curblane.*

(C) *The Postal Service may provide cluster box delivery service for any permanent residential address in any case in which a unit of general local government having jurisdiction over such address specifically approves the provision of such cluster box delivery service.*

(3) *Appropriations made under the authority of this subsection shall not be expended or utilized in such a manner as to effect a reduction of more than 10 percent in the applicable postal rates or fees established under chapter 36 of this title for zone-rated mail matter formerly entered under former chapter 67 of this title.*

(4) *The levels of service described in paragraph (2) (B) and paragraph (2) (C) of this subsection shall be required to be provided only during any period for which the appropriations authorized under paragraph (1) of this subsection have been appropriated by the Congress.*

(5) *The Postal Service, in requesting an amount to be appropriated under this subsection, shall present to the appropriate committees of the Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of this title.*

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PART IV.—MAIL MATTER

* * * * *

CHAPTER 36.—POSTAL RATES, CLASSES, AND SERVICES

SUBCHAPTER 1.—POSTAL RATE COMMISSION

- 3601. Establishment.
- 3602. Terms of office.
- 3603. Rules; regulations; procedures.
- 3604. Administration.
- 3605. *Review and hearings.*

* * * * * *

SUBCHAPTER 1.—POSTAL RATE COMMISSION

§ 3601. Establishment.

【There is established, as an independent establishment of the executive branch of the Government of the United States, the Postal Rate Commission composed of 5 Commissioners appointed by the President, not more than 3 of whom may be adherents of the same political party. One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed only in accordance with section 7521 of title 5.】

(a) *The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more than 3 of the Commissioners may be adherents of the same political party.*

(b) *A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that such Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.*

(c) *One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.*

(d) *The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman.*

* * * * * *

§ 3604. Administration.

【(a) The Chairman of the Postal Rate Commission shall have the administrative responsibility for assigning the business of the Commission to the other Commissioners and to the officers and employees of the Commission. All final acts of the Commissions shall be by a vote of an absolute majority thereof.

【(b) The Commission may obtain such facilities and supplies, and appoint and fix the compensation of such officers and employees, as may be necessary to permit the Commission to carry out its functions.

The officers and employees so appointed (1) shall be paid at rates of compensation, and shall be entitled to programs offering employee benefits, established under chapter 10 or 12 of this title, as appropriate, under chapter 10 or 12 of this title, as appropriate, and (2) shall be responsible solely to the Commissioners.

[(c) (1) The Commission shall periodically prepare and submit to the Postal Service a budget of the Commission's expenses, including but not limited to expenses for facilities, supplies, compensation, and employee benefits. The budget shall be considered approved—

[(A) as submitted if the Governors fail to act in accordance with clause (B) of this paragraph: or

[(B) as adjusted if the Governors holding office, by unanimous written decision, adjust the total amount of money requested in the budget.

Clause (B) shall not be constructed to authorized the Governors to adjust any item included within the budget.

[(2) Expenses incurred under any budget approved under paragraph (1) of this subsection shall be paid out of the Postal Service Fund established under section 2003 of this title.

[(d) The provisions of section 410 and chapter 10 of this title shall apply to the Commission, as a appropriate.]

3604. Administration.

(a) *The Chairman of the Postal Rate Commission shall be the principal executive officer of the Commission. The Chairman shall exercise or direct the exercise of all the executive and administrative functions of the Commission, including functions of the Commission with respect to (1) the appointment and supervision of personnel employed under the Commission, (2) the distribution of business among such personnel, and among the Commissioners, and (3) the use and expenditure of funds.*

(b) *In carrying out any of his functions under this section, the Chairman shall be governed by the general policies of the Commission.*

(c) *The Chairman may obtain such facilities and supplies as may be necessary to permit the Commission to carry out its functions. Any officer or employee appointed under this section shall be paid at rates of compensation, and shall be entitled to programs offering employee benefits, established under chapter 10 or chapter 12 of this title, as appropriate.*

(d) (1) *Except as provided by paragraph (2), the provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate.*

(2) *The provisions of the Budget and Accounting Act, 1921, relating to the preparation and presentation of budgets, and the provisions of any Federal law relating to the preparation and presentation of budgets, shall apply to the Commission.*

§ 3605. Review and hearings

(a) *The Postal Rate Commission shall have the authority to initiate reviews and hearings with respect to the activities of the Board of Governors and the Postal Service under this chapter.*

(b) *Any hearing initiated by the Postal Rate Commission under this section shall be in accordance with section 3624(a) of this title.*

(c) (1) *The Postal Rate Commission may issue subpoenas, signed by the Chairman of the Commission, to compel the production of evidence and the testimony of witnesses with respect to any hearing held by the Commission under this chapter.*

(2) *Any appropriate district court of the United States may, upon petition by the Commission, in case of refusal to obey a subpoena of the Commission issued under this subsection, issue an order requiring compliance with such subpoena. Any failure to obey such order may be punished by such district court as a contempt thereof.*

* * * * *

§ 3622. Rates and fees.

(a) From time to time the Postal Service shall request the Postal Rate Commission to submit a recommended decision on changes in a rate or rates of postage or in a fee or fees for postal services if the Postal Service determines that such changes would be in the public interest and in accordance with the policies of this title. The Postal Service may submit such suggestions for rate adjustments as it deems suitable.

(b) Upon receiving a request, the Commission shall make a recommended decision on the request for changes in rates or fees in each class of mail or type of service in accordance with the policies of this title and the following factors:

(1) the establishment and maintenance of a fair and equitable schedule;

(2) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;

(3) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;

(4) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;

(5) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;

(6) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;

(7) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services; **[and]**

(8) *the educational, cultural, scientific, and informational value to the recipient of mail matter; and*

[(8)] (9) such other factors as the Commission deems appropriate.

* * * * *

§ 3624. Recommended decisions of Commission.

[(a)] The Postal Rate Commission shall promptly consider a request made under section 3622 or 3623 of this title, except that the Commis-

sion shall not recommend a decision until the opportunity for a hearing on the record under sections 556 and 557 of title 5 has been accorded to the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public.】

(a) *The Postal Rate Commission shall promptly consider any request made by the Postal Service under section 3622 or section 3623 of this title. In the course of such consideration, the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public, to be present, and to present data and arguments, at any such hearing.*

(b) In order to conduct its proceedings with utmost expedition consistent with procedural fairness to the parties, the Commission may (without limitation) adopt rules which provide for—

- (1) the advance submission of written direct testimony;
- (2) the conduct of prehearing conferences to define issues, and for other purposes to insure orderly and expeditious proceedings;
- (3) discovery both from the Postal Service and the parties to the proceedings;
- (4) limitation of testimony; and
- (5) the conduct of the entire proceedings off the record with the consent of the parties.

(c) (1) *Except as provided by paragraph (2), in any case in which the Postal Service makes a request under section 3622 of this title for a recommended decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services, or a request under section 3623(b) of this title for a recommended decision by the Commission on changes in the mail classification schedule, the Commission shall transmit its recommended decision to the Governors under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.*

(2) *In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request made by the Postal Service under section 3622 or section 3623(b) by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) by one day for each day of such delay.*

【(c)】(d) The Commission shall transmit its recommended decision in a rate, fee, or classification matter to the Governors. The recommended decision shall include a statement specifically responsive to the criteria established under section 3622 or 3623, as the case may be.

(e) *Any fiscal action of the Commission under section 3622, 3623, 3661, or 3662 of this title shall be made by a vote of a majority of the Commissioners in office.*

* * * * *

§ 3626. Reduced rates.

(a) If the rates of postage for any class of mail or kind of mailer under former sections 4358, 4359, 4421, 4422, 4452, or 4554 of this title, as such rates existed on the effective date of this subchapter, are, on the effective date of the first rate decision under this subchapter affecting that class or kind, less than the rates established by such decision, a separate rate schedule shall be adopted for that class or kind effective

each time rates are established or changed under this subchapter, with annual increases as nearly equal as practicable, so that—

(1) the revenues received from rates for mail under former sections 4358, 4452 (b) and (c), 4554 (b) and (c) shall not, on and after the first day of the tenth year following the effective date of the first rate decision applicable to that class or kind, exceed the direct and indirect postal costs attributable to mail of such class or kind (excluding all other costs of the Postal Service); and

(2) the rates for mail under sections 4359, 4421, 4422, 4452 (a), and 4554 (a)¹ shall be equal, on and after the first day of the fifth year following the effective date of the first rate decision applicable to that class or kind, to the rates that would have been in effect for such mail if this subsection had not been enacted.

No person who would have been entitled to mail matter under former section 4359 of this title shall mail such matter at the rates provided under this subsection unless he files annually with the Postal Service a written request for permission to mail matter at such rates.

(b) (1) *For purposes of this title, the term "periodical publications", as used in former section 4351 of this title, includes (A) any catalog or other course listing issued by any institution of higher education; and (B) any looseleaf page or report (including any index, instruction for filing, table, or sectional identifier which is an integral part of such report) which is designed for inclusion in any treatise or compilation.*

(2) *Any material described in paragraph (1) shall qualify to be entered and mailed as second class mail in accordance with former section 4352 through former section 4357 of this title.*

(3) *For purposes of this subsection, the term "institution of higher education" has the meaning given it by section 1201 (a) of the Higher Education Act of 1965 (20 U.S.C. 1141 (a)).*

(c) *In the administration of this section a committee qualified for tax credit contributions under section 41 (c) (1) (C) and (D) of the Internal Revenue Code shall be considered a qualified nonprofit organization under former sections 4452 (d) and 4358 (j) (2) of this title.*

(d) *In the administration of this section, one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State shall be considered a publication of a qualified nonprofit organization which qualifies for rates of postage under former section 4358 (d) of this title.*

* * * * *

SUBCHAPTER III—TEMPORARY RATES AND CLASSES

§ 3641. Temporary changes in rates and classes.

[(a) If the Postal Rate Commission does not transmit to the Governors within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has resubmitted, to the Commission a request for a recommended decision on a change in rates of postage or in fees for postal services, or on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days' notice in the Federal Register,

may place into effect temporary changes in rates of postage, in fees for postal service, or in the mail classification schedule it considers appropriate to carry out the provisions of this title. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its recommended decision to the Governors.

[(b) If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, in fees for postal services, or in the mail classification schedule.]

[(c) A rate of postage for a class of mail or a fee for a postal service under a temporary change under this section may not exceed the lesser of (1) the rate or fee requested for such class or service, (or (2) a rate or fee which is more than one-third greater than the permanent rate or fee in effect for that class or service at the time a permanent change in the rate or fee of such class or service is requested under section 3622 of this title.)]

§ 3641. *Temporary changes in rules and classes*

(a) *In any case in which the Postal Rate Commission fails to transmit a recommended decision on a change in rates of postage or in fees for postal services, or on a change in the mail classification schedule, to the Governors in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage, in fees for postal services, or in the mail classification schedule, in accordance with the provisions of this section. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.*

(b) *Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated income, including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.*

(c) *The Postal Service may not establish any temporary rate for a class of mail or any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.*

(d) *Any temporary change in rates of postage, in fees for postal services, or in the mail classification schedule made by the Postal Service under this section shall remain in effect no longer than 150 days after the date upon which the Commission transmits its recommended decision to the Governors under section 3624(d) of this title, unless such temporary change is terminated by the Governors before the expiration of such period.*

SUBCHAPTER IV.—POSTAL SERVICE AND COMPLAINTS

§ 3661. Postal services.

(a) The Postal Service shall develop and promote adequate and efficient postal services.

(b) When the Postal Service determines that there should be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis, it shall submit a proposal, within a reasonable time prior to the effective date of such proposal, to the Postal Rate Commission requesting an advisory opinion on the change.

(c) The Commission shall not issue its opinion on any proposal until an opportunity for [hearing on the record under sections 556 and 557 of title 5 has been accorded to the Postal Service, users of the mail, and an officer of the Commission who shall be required to represent the interests of the general public] *a hearing is accorded interested parties, reasonable public notice is given thereof, and a reasonable opportunity is afforded interested parties, including an officer of the Commission who shall be required to represent the interests of the general public, to be present, and to present data and arguments, at any such hearing.* The opinion shall be in writing and shall include a certification by each Commissioner agreeing with the opinion that in his judgment the opinion conforms to the policies established under this title. (Pub. L.

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SUBCHAPTER V.—GENERAL

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§ 3683. Uniform rates for books; films; other materials.

(a) Notwithstanding any other provision of this title, the rates of postage established for mail matter enumerated in former section 4554 of this title shall be uniform for such mail of the same weight, and shall not vary with the distance transported.

(b) *The rates for mail matter specified in former section 4554(a) (1) or 4554(b) (2) (A) of this title, when mailed from a publisher or a distributor to a school, college, university, or library shall be the rate currently in effect for such mail matter under the provisions of former section 4554(b) (1) of this title.*

* * * * *

INDIVIDUAL VIEWS OF HON. JAMES M. HANLEY

H.R. 8603, of which I was the principal sponsor, contains many excellent features. The bill represents the culmination of almost three years of effort on the part of the Subcommittee on Postal Service and the full Committee.

I believed that the bill as reported from Subcommittee was a realistic and acceptable approach to most of the financial problems of the Postal Service. It provided authorization for substantially increased appropriations, simplification of Postal Rate Commission proceedings, and new provisions relating to the implementation of temporary rates. These provisions remain in H.R. 8603 as reported by the full Committee.

However, an amendment was added in Committee allowing the Postal Service to place into effect an immediate temporary rate increase of up to 20% higher than the rates now in effect. I opposed this amendment in Committee. I felt strongly that such a move would effectively place Congress back into postal rate making, a step which would be most unwise at this time. I also believed that such a provision would seriously endanger the chance for passage of what was otherwise a carefully thought-out and necessary piece of legislation. With that exception, I wholeheartedly agree with the action of the Committee and commend the bill to my colleagues.

JAMES M. HANLEY, *Member of Congress.*

INDIVIDUAL VIEWS OF HON. PAUL SIMON

I am pleased to co-sponsor H.R. 8603, the Postal Reorganization Act Amendments of 1975. The basic thrust of the bill meets the current financial crisis of the Postal Service. Although the heart of the bill is sound, it makes only cosmetic changes in a costly, time-consuming appendage, the Postal Rate Commission.

There is little doubt that the Postal Service faces severe financial troubles. The lofty goal that Congress sought in enactment of the Postal Reorganization Act of 1970, a financially self-sufficient Postal Service, is not possible. And while the Postal Service has tried to solve financial problems by closing rural post offices, consolidating rural routes, reducing pickups and deliveries, and otherwise cutting postal services, the financial problems grow. What is needed is a re-evaluation of the goals of the 1970 Act and a recognition by all that the name of this entire operation is Postal Service and not Postal Money-maker.

The subsidy provisions of this bill will meet the short term financial crisis in which the Postal Service finds itself. But the short term solution may become part of the long term problem unless a basic change is made in the postal rate-making process. In the Postal Reorganization Act of 1970, Congress removed itself from the postal rate-making process. An independent agency was to oversee the fiscal needs of the Postal Service and translate those needs into equitable postal rates. The Postal Rate Commission has failed in that mission.

The Postal Rate Commission, forced upon the House by the Senate in a Conference Committee compromise, has taken over three years to reach a single decision and still dallies with a second. We can save millions by eliminating it.

There is a way to help stabilize the rate making picture that would be advantageous to both the mail user and the Postal Service. An employee of the Postal Service recently told me that if we had allowed the first class postal rate from 1901 to 1975 to increase at the same rate as the Consumer Price Index, the current first class rate would be 10.5¢. Graphs supplied by the Postal Service show a close relationship between the Consumer Price Index and postal rates.

The Consumer Price Index is the mechanism we can use to simplify the rate-making process. This the Postal Service should be able to do without congressional review. But if the revenue needs of the Postal Service are greater than the subsidy plus the increase in Consumer Price Index, we could allow the Postal Service to ask the House and Senate Post Office and Civil Service Committees for approval for rate increases greater than the Consumer Price Index. The Committees could then vote to accept or reject the requested rates. We were not elected to Congress to duck the tough issues.

Some of my colleagues will argue that we should keep Congress out of the postal rate making business. I contend that by following the guidelines established above, we generally can keep Congress out of the rate-making process. Only the Congressional Committees with oversight responsibility for the Postal Service would become involved. But primary reliance would be on the Consumer Price Index.

Clearly a change more fundamental than is now embodied in H.R. 8603 is needed.

PAUL SIMON,
Member of Congress.

POSTAL REORGANIZATION ACT AMENDMENTS OF 1975

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules and on behalf of the gentleman from Florida (Mr. PEPPER), I call up House Resolution 726 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 726

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service

and the Postal Rate Commission, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Post Office and Civil Service now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Texas (Mr. YOUNG) is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may require.

(Mr. YOUNG of Texas asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Texas. Mr. Speaker, House Resolution 726 provides for an open rule with 1 hour of general debate on H.R. 8603, the Postal Reorganization Act Amendments of 1975.

House Resolution 726 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Post Office and Civil Service now printed in

the bill as an original bill for the purpose of amendment.

H.R. 8603 provides authorization for increased appropriations through fiscal year 1979 to reimburse the Postal Service for public service costs. It authorizes, on a one-time basis, the immediate implementation of a limited temporary postal rate increase, and revamps the procedures of the Postal Rate Commission in order to expedite postal rate and classification cases. It establishes a study commission to report on matters relating to the Postal Service concerning public service and costs, ratemaking procedures and oversight systems for controlling postal costs.

H.R. 8603 insures continuation of second-class mailing privileges to college catalogs and bulletins and looseleaf publications, and allows magazines published by State conservation agencies to be mailed at second-class nonprofit rates. It also permits national and State political parties to mail under second- and third-class nonprofit rates.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

(Mr. LOTT asked and was given permission to revise and extend his remarks.)

Mr. LOTT. Mr. Speaker, the gentleman from Texas has outlined the provisions of House Resolution 726, the rule allowing for a 1-hour, open rule for consideration of the Postal Reorganization Act Amendments of 1975, H.R. 8603.

I might point out that this is the fifth of six bills that we have taken up in the last week and will be taking up this week from the Post Office and Civil Service Committee. I want to urge the Members to pay very close attention to these, because these are not routine bills but have long-range, unbelievable impact on the Postal Service, retirement benefits, and other benefits with relation to Federal employees.

This particular bill has four major provisions: To provide authorization for increased appropriations through fiscal year 1979 to reimburse the Postal Service for public service costs; to authorize on a one-time basis the immediate implementation of a limited temporary postal rate increase of 20 percent.

I want to point out that even though that is a lot of words, what it means is about 2 to 3 cents postage stamp increase.

The third is to revamp postal rate commission procedures in order to expedite postal rate and classification cases; and to establish a study commission to report on matters relating to the Postal

Service concerning public service and costs, ratemaking procedures, allocations of costs among the various classes of mail, and oversight systems for controlling postal costs.

Under the bill's new formula, authorization for fiscal year 1976 will be \$2.6 billion. This is a \$2.6 billion Federal subsidy for the Postal Service. It is estimated that 1 million additional delivery addresses are added to the Service each year. Based on this estimate, the additional authorization of appropriations under the formula would increase by \$35 million for each of fiscal years 1977, 1978, and 1979.

I think a little history is important in considering this bill. The Postal Reorganization Act of 1970 was supposedly prompted by the need for reforms in postal policies, operations, and rates. This law created the U.S. Postal Service, which began operation on July 1, 1971. Until 1973 Congress took the view that the Postal Service would be allowed to operate independently without congressional interference, fully expecting the deficiencies of the old Post Office Department to be corrected within a reasonable period of time.

In 1973 it became obvious that these great expectations resulting from enactment of postal reform were not occurring.

In 1974 the Postal Service loss after having received some \$1.7 billion in appropriations, was \$448 million. This loss figure almost doubled to an incredible \$850 million during the past fiscal year. The projected loss for fiscal year 1976 is estimated in excess of \$1.6 billion.

Today we are being asked to subsidize the U.S. Postal Service to the tune of \$2.6 billion for fiscal year 1976 alone. We are being asked to do this in the face of a request for a 20-percent postal rate increase.

I hope Members are going to pay close attention to the debate on this bill which is coming to us under an open rule because we are doing two things in it. We

are going to agree to increase the postage stamp rate and also provide a \$2.6 billion subsidy for the Postal Service. How can we do this in all good conscience?

I am constantly being bombarded with complaints about the Postal Service from my constituents as I know all Members are; and yet the U.S. Postal Service, the congressionally independent agency, is coming to us to ask for this.

I have no objections to the rule granted this bill, but I am opposed to its purpose of increased costs with only cosmetic changes in the Postal Service.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, the gentleman serves on the committee that con-

stantly concerns itself with the procedural matters of the House. Was there any testimony to indicate why the Post Office and Civil Service Committee should have three, five, six pending bills floating around the House at one time? Has it been explained why they would take up the rules one day and then general debate another day and then put off final action on the bills until still another time? Should they not finish up one bill at one time so we could have an orderly procedure?

Mr. LOTT. The gentleman from Maryland makes a good point. We have taken up rules on several bills and general debate on some, and one of the bills is not even on the agenda for this week. Three of them are hanging in there. That very question was asked in the Rules Committee and the response, which I think was a legitimate response, was that these bills have been coming out of the Post Office and Civil Service Committee to the Rules Committee regularly, but when the bills got to the Rules Committee there was a logjam of emergency bills, causing their hearings to be delayed.

The point I made a minute ago was that these bills are not just routine. I hope the Members will not interpret them as such because of the way they are being handled.

Mr. BAUMAN. If these five bills are all pending or floating, whatever we may call it, at once, has anyone calculated what the total extraction will be from the pockets of the taxpayers on account of these bills? I have calculated the cost to be about \$5 billion or perhaps \$6 billion on all the bills now halfway through this Chamber from this one committee.

Mr. LOTT. I have not calculated them but I am sure the gentleman's figures are very accurate and conservative.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Speaker, in response to the inquiry of the gentleman from Maryland, I think it should be explained it is not the fault of the Post Office and Civil Service Committee that the five bills still pending are still on the schedule and we have not had an opportunity to vote on them. The two bills that will be considered today are things that I think came along subsequently. One of them does have money in it and the other one does not have any money in it. But the committee is going to attempt to do its business in a proper fashion. How the bills got scheduled on the floor is something else and the committee should not have to take the fault for any indiscretion there.

Mr. BAUMAN. Mr. Speaker, if the gentleman will yield further, I certainly

do not want to impute any indiscretions to the committee or the gentleman from California, but has he considered presenting himself to the Democratic Caucus as perhaps a candidate for majority leader so that he could schedule the bills as they should be?

Mr. CHARLES H. WILSON of California. The gentleman from California has enough problems as it is without getting into that.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I just left a Budget Committee hearing. I do not see the chairman of that committee on the floor but I am sure during the debate on this bill the House will be alerted to the fact that this is \$1.7 billion over the budget resolution. I understand that OMB is against it and the President will be asked to veto it. If we approve of this additional subsidy, we will be telling the agency to go out and enter into other contracts over the budget and then come to us for whatever is necessary to pay for it. I think this is wrong.

I understand there may be an amendment offered by Mr. ALEXANDER which will correct this procedure. I hope he will propose it, and I will support it wholeheartedly, because it is wrong from the taxpayers' standpoint. After all, they have to pay the bill for the operation of this organization, which considers itself independent until it comes to paying the bills, and then they are not so independent. They then become very dependent. They always come back here and ask the Congress to come up with the money through the taxpayer route, for all of its expenditures beyond its means.

When I originally voted for this legislation, I believed we were making this agency self-sufficient, but lo and behold, the only time we hear from it, it is for more money and when they come up for one increase of \$1.7 billion, it is time to call a halt.

Mr. ADAMS. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Speaker, in reply to the remarks of the gentleman, who is ranking member on the Budget Committee, I want to state, as chairman of the Budget Committee, I have been on the floor during the debate on the rule and will comment further in general debate. The gentleman is correct that during general debate I will point out the budgetary aspect of this bill. The bill is substantially over the budget resolution, but I will go into that when time is allotted under general debate or under the 5-minute rule.

Mr. LOTT. Mr. Speaker, again I want

to make the point, this is in addition to Congress approving the immediate implementation of a limited temporary postal rate increase. All that means is that we are facing immediately the imposition of a 12- or a 13-cent stamp.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I have not received one letter from anyone in my district who wants to pay the increased cost for a stamp as proposed by this agency.

Mr. HANLEY. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Speaker, with respect to the 20-percent mandate by the Congress, that will be a separate amendment by the committee, in light of the action by the Postal Regulation Commission.

Mr. LOTT. Mr. Speaker, I have no further requests for time.

Mr. YOUNG of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from Arkansas (Mr. ALEXANDER).

(Mr. ALEXANDER asked and was given permission to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, back in 1970 I made a mistake, as many other members of this body at that time made a mistake when we established the U.S. Postal Service by the Postal Reorganization Act of 1970. The Postal Service was expected to achieve business-like efficiency under that act and be a paying proposition; but as the committee report indicates, and I compliment the committee for its work, the past 5 years have proven that the Postal Service cannot make it on its own, and I accept that.

What I do not accept is the performance of the top management of the Postal Service for the past 5 years which has produced rising costs and declining service. I recognize that the volume of mail which the Postal Service is called upon to handle has increased markedly in that period of time, but the increasing cases of error, waste and outright carelessness, coupled with insensitive policies of the management in Washington have caused such inconvenience to the American people that I, too, believe it is time to take another look at that decision we made in 1970.

Now, I compliment the committee for its work, but this bill does not quite go far enough. Accordingly, I will offer an amendment at the proper time which will restore accountability of the Postal Service to the Congress and the elected representatives of the people by requiring the Postal Service to come up to Congress, like other agencies, and seek an authorization and an appropriation on

an annual basis, so they can be accountable to the appropriate legislative and Appropriations Committees in the U.S. Congress. This will increase accountability.

The aim of the Postal Service should be to provide the best possible service in the handling of the mail at the least possible cost to the American taxpayers. My amendment will help insure that the Postal Service keeps that aim clearly in mind.

My testimony before the committee is printed in the hearings document serial No. 94-4, at pages 143-149. Include a summary of cost overruns on the construction of bulk mail centers which is evidence of the gross waste that has compounded the problem.

COST OVERRUNS ON BULK MAIL CENTERS

*Statistics from the Second Quarterly Report (FY 74) of Bulk Mail System.

Center, contractor, and overruns reported (total)

1. Cincinnati; Darin & Armstrong. John W. Armstrong; \$475,000.
 2. Denver; Wright, Dick, Boeing, Howard S. Wright.
 3. Jacksonville; Dick Corporation, John King; \$294,000.
 4. Kansas City; Martin K. Eby Construction, Martin K. Eby; \$1,853,000.
 5. St. Louis; Fruin-Colon, J. S. Albreci, John P. Soult; \$1,326,000.
 6. Minneapolis; Utley-James, Inc., John Donovan; \$2,561,000.
 7. Washington; Volpe & Associates, Glen Ballowe, \$1,435,000.
 8. Chicago; Orr & Associates, William J. Orr.
 9. Atlanta; Dick Corporation, John King; \$9,000.
 10. Des Moines; Blount Bros. Corp., W. M. Blount; \$299,000.
 11. Detroit; Markward/Karafilis/Blount Bros., Frederick Plaga; \$1,653,000.
 12. Dallas; Newberg-Rooney, Gust Newberg; \$400,000.
 13. Greensboro; Algernon Blair, Inc., Charles Shewmake; \$337,000.
 14. Memphis; Dick Corporation, John King; \$598,000.
 15. Philadelphia; Blount-Bornstein, W. M. Blount; \$580,000.
 16. Pittsburgh; Dick Corporation, John King; \$346,000.
 17. Seattle; Hoffman Construction, Eric Hoffman; \$456,000.
 18. San Francisco; Morrison-Knudsen, James McClary; \$2,151,000.
 19. Springfield; Volpe, Ernst, Nager, David E. Mirabassi.
 20. Los Angeles; Blount Construction, W. M. Blount; \$4,174,000.
 21. New York; Tendum Construction, A. M. Dinallo; \$778,000.
- Total, \$19,725,000.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. OTTINGER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 344, nays 19, answered "present" 3, not voting 67, as follows:

[Roll No. 559]

YEAS—344

Abdnor	Ford, Tenn.	Mazzoli
Abzug	Forsythe	Meade
Adams	Fountain	Metcalf
Alexander	Frenzel	Meyner
Anderson,	Fuqua	Mezvisinsky
Calif.	Gaydos	Michel
Anderson, Ill.	Giamo	Miller, Calif.
Annuozio	Gibbons	Miller, Ohio
Archer	Gillman	Mineta
Armstrong	Ginn	Minish
Ashley	Goldwater	Mink
AuCoin	Gonzalez	Mitchell, Md.
Bafalls	Goodling	Mitchell, N.Y.
Baldus	Gradison	Moakley
Barrett	Green	Moffett
Baucus	Gude	Montgomery
Beard, R.I.	Guyer	Moore
Bedell	Hagedorn	Moorhead,
Bennett	Hall	Calif.
Bergland	Hamilton	Morgan
Bevill	Hammer-	Moss
Bieber	schmidt	Mottl
Blanchard	Hanley	Murphy, Ill.
Blouin	Hannaford	Murphy, N.Y.
Boland	Hansen	Murtha
Bolling	Harkin	Myers, Ind.
Bowen	Harrington	Myers, Pa.
Breaux	Harris	Natcher
Breckinridge	Harsha	Neal
Brinkley	Hastings	Nedzi
Brodhead	Hawkins	Nix
Brooks	Hayes, Ind.	Nowak
Broomfield	Hechler, W. Va.	Oberstar
Brown, Calif.	Heckler, Mass.	O'Brien
Brown, Mich.	Heinz	O'Hara
Brown, Ohio	Henderson	O'Neill
Broyhill	Hightower	Pasman
Buchanan	Hillis	Patman, Tex.
Burgener	Holland	Patten, N.J.
Burke, Calif.	Holt	Patterson,
Burke, Mass.	Holtzman	Calif.
Burleson, Tex.	Horton	Pattison, N.Y.
Burlison, Mo.	Howard	Perkins
Burton, John	Howe	Pettis
Burton, Phillip	Hubbard	Peyser
Butler	Hughes	Pike
Byron	Hungate	Pressler
Carney	Hutchinson	Preyer
Carter	Hyde	Price
Casey	Ichord	Pritchard
Cederberg	Jacobs	Quie
Chappell	Jarman	Quillen
Clancy	Jeffords	Railsback
Clausen,	Jenrette	Randall
Don H.	Johnson, Calif.	Rangel
Clay	Johnson, Colo.	Rees
Cleveland	Johnson, Pa.	Regula
Cochran	Jones, Ala.	Reuss
Collins, Ill.	Jones, N.C.	Rhodes
Conable	Jones, Okla.	Richmond
Conte	Jones, Tenn.	Riegle
Corman	Jordan	Rinaldo
Cornell	Karth	Risenhoover
Cotter	Kasten	Roberts
Coughlin	Kastenmeier	Robinson
Crane	Kazen	Rodino
D'Amours	Kelly	Roe
Daniel, Dan	Kemp	Rogers
Daniel, R. W.	Ketchum	Roncalio
Daniels, N.J.	Keys	Rooney
Deaney	Kindness	Rose
Dellums	Koch	Rostenkowski
Dent	Krebs	Roush
Derrick	Krueger	Russo

Derwinski	LaFalce	Ryan
Dickinson	Lagomarsino	St Germain
Diggs	Landrum	Santini
Dodd	Leggett	Sarasin
Downing, Va.	Lehman	Sarbanes
Drinan	Lent	Satterfield
Duncan, Oreg.	Levitas	Schneebeil
du Pont	Litton	Schroeder
Early	Lloyd, Calif.	Sebelius
Eckhardt	Lloyd, Tenn.	Sharp
Edgar	Long, La.	Shipley
Edwards, Ala.	Long, Md.	Shriver
Edwards, Calif.	Lott	Shuster
Elliott	Lujan	Sikes
Emery	McClory	Simon
English	McCloskey	Skubitz
Erlenborn	McCollister	Slack
Evans, Colo.	McDade	Smith, Iowa
Evans, Ind.	McFall	Snyder
Evins, Tenn.	McHugh	Solarz
Fascell	McKay	Spence
Findley	McKinney	Staggers
Fish	Madden	Stanton,
Fisher	Madigan	J. William
Fithian	Maguire	Stanton,
Flood	Mann	James V.
Florida	Martin	Stark
Flowers	Mathis	Steed
Flvnt	Matsunaga	Steelman

Steiger, Ariz.	Treen	Wilson, Bob
Steiger, Wis.	Tsongas	Wilson, C. H.
Stokes	Ullman	Wilson, Tex.
Stratton	Van Deerlin	Winn
Stuckey	Vander Veen	Wirth
Studds	Vanik	Wolff
Sullivan	Vigorito	Wright
Symington	Walsh	Wylie
Taylor, Mo.	Wampler	Yates
Taylor, N.C.	Waxman	Yatron
Thompson	Weaver	Young, Alaska
Thone	Whalen	Young, Fla.
Thornton	White	Zablocki
Traxler	Whitehurst	Zeferetti

NAYS—19

Ashbrook	Devine	Mahon
Bauman	Duncan, Tenn.	Ottlinger
Beard, Tenn.	Grassley	Poage
Clawson, Del.	Haley	Runnels
Collins, Tex.	Hinshaw	Schulze
Conlan	Latta	
Davis	McDonald	

ANSWERED "PRESENT"—3

Mosher	Rousselot	Young, Tex.
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NOT VOTING—67

Addabbo	Eshleman	Obey
Ambro	Fary	Pepper
Andrews, N.C.	Fenwick	Pickle
Andrews,	Foley	Rosenthal
N. Dak.	Ford, Mich.	Roybal
Aspin	Fraser	Ruppe
Badillo	Frey	Scheuer
Bell	Hays, Ohio	Seiberling
Biaggi	Hébert	Sisk
Bingham	Hefner	Smith, Nebr.
Boggs	Helstoski	Spellman
Bonker	Hicks	Stephens
Brademas	McCormack	Symms
Burke, Fla.	McEwen	Talcott
Carr	Macdonald	Teague
Chisholm	Melcher	Udall
Cohen	Mikva	Vander Jagt
Conyers	Milford	Waggonner
Danielson	Mills	Whitten
de la Garza	Mollohan	Wiggins
Dingell	Moorhead, Pa.	Wyder
Downey, N.Y.	Nichols	Young, Ga.
Esch	Noian	

The Clerk announced the following pairs:

Mr. Hébert with Mr. Andrews of North Dakota.
 Mr. Addabbo with Mr. Burke of Florida.
 Mr. Teague with Mr. Fary.
 Mr. Ambro with Mrs. Fenwick.
 Mr. Waggonner with Mr. Aspin.

Mr. Moorhead of Pennsylvania with Mr. Hicks.

Mr. Nichols with Mr. Mills.
 Mr. Nolan with Mr. Cohen.
 Mrs. Chisholm with Mr. Helstoski.
 Mr. Biaggi with Mr. Mikva.
 Mr. Badillo with Mr. Ruppe.
 Mr. Bingham with Mr. Bell.
 Mr. Rosenthal with Mr. Scheuer.
 Mr. Hays of Ohio with Mr. Frey.
 Mr. Danielson with Mrs. Smith of Nebraska.

Mr. Dingell with Mr. Milford.
 Mr. Brademas with Mr. Stephens.
 Mr. Conyers with Mr. Andrews of North Carolina.

Mr. Hefner with Mr. Mollohan.
 Mr. Macdonald of Massachusetts with Mr. Vander Jagt.

Mr. McCormack with Mr. Sisk.
 Mr. Obey with Mr. Symms.
 Mrs. Boggs with Mrs. Spellman.
 Mr. Foley with Mr. Eshleman.
 Mr. Roybal with Mr. Wiggins.
 Mr. Pepper with Mr. McEwen.
 Mr. Pickle with Mr. Wyder.
 Mr. Udall with Mr. Young of Georgia.
 Mr. Seiberling with Mr. Bonker.
 Mr. Whitten with Mr. Carr.
 Mr. Melcher with Mr. de la Garza.
 Mr. Fraser with Mr. Ford of Michigan.
 Mr. Downey of New York with Mr. Talcott.

Messrs. ARCHER and BROWN of Michigan changed their vote from "nay" to "yea".

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. HANLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. HANLEY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8603, with Mr. FLOWERS in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from New York (Mr. HANLEY) will be recognized for 30 minutes, and the gentleman from Illinois (Mr. DERWINSKI) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Chairman, I yield myself 10 minutes.

(Mr. HANLEY asked and was given permission to revise and extend his remarks.)

Mr. HANLEY. Mr. Chairman, as has been stated here in the debate on the rule, today the Congress is going to take a very significant action with regard to the U.S. Postal Service.

In effect it is going to establish a policy, and that policy deals with the question as to whether or not the American public are going to have to endure a continual spiral of increased postal rates, or is a percentage of the overhead associated with the operation of the U.S. Postal Service going to be attributed to public service and, as such, funded from the U.S. Treasury?

Since the inception of the Postal Reorganization Act of 1970, the American public have been subjected to a number of rate increases, and this was across the board on all the levels of mail.

I remind the Members today that it was the intent of the Founding Fathers that the postal service and postal rates in America be accurately characterized as "reasonable."

The question is as to whether or not we want that principle to prevail into the future.

This committee over the course of the last 2 years has conducted very extensive hearings. These hearings have produced sufficient information relating to the ramifications should postal rates continue to increase.

For instance, thousands of nonprofit publications in America would be forced out of business. Under a proposal, for instance, that did not prevail, the nonprofit publications would have been subject to a rate hike of 800 percent, just to give the Members a little idea of how important and how significant this policy decision is.

We have tried hard over the course of these 2 years to act responsibly. I cannot argue the point that the adoption of this measure is going to add on significantly to our budget, to the deficit, but, again, the decision is in the hands of this Congress as to whether or not we are going to jeopardize the U.S. Postal Service's ability to act as the chief artery of commerce. We have much at stake here.

For instance, if rates continue to increase, the fundamental principle which allows the institution to prevail would be in jeopardy, and that is the private express, and that is allowing the institution the ability to enjoy a monopoly on first class mail, so that every postal patron in America would enjoy equality and quality of service whether that individual lives in a small hamlet in Arizona or one of the apartment complexes in Manhattan, regardless of geography, the quality of mail service would be equal.

That is what it is all about, my friends.

Mr. Chairman, the Postal Reorganization Act of 1970 was passed with great fanfare and loud protestations that we were finally on the road to a better, more efficient postal service.

As the debate will show today, the promise of 1970 has not become the reality of 1975. While many of the reforms adopted in 1970 were good and should be retained, now is the time to begin the process of legislative alterations which will correct some of the errors we made in 1970.

H.R. 8603 is a significant step in that direction. It is the result of more than a year's work and hearings on the specific subject matter, and is the beneficiary of more than 2½ years of extensive studies and hearings since I became chairman of the Postal Service Subcommittee in 1973.

H.R. 8603 is not definitive, it is only a beginning. Its chief significance lies in its underlying assumption that service to the American public is the prime function of the Postal Service. As representatives of that American public, we have a duty to see that the Postal Service performs adequately.

The major thrust of H.R. 8603 is a substantial increase in authorizations for public service funding to the Postal Service.

Currently, the Postal Service is authorized to receive \$920 million for public service. This will decline to \$450 million in 1984, the so-called breakeven point.

H.R. 8603 eliminates this authorization, and in essence eliminates the ill-conceived notion that the Postal Service should ultimately break even.

Instead, we would authorize \$35 per delivery address, or approximately \$2.7 billion a year. The authorization would last for only 4 years, thus establishing the principle that Congress should periodically conduct a searching review of Postal Service finances and policies before authorizations can be renewed.

The financial crisis faced by the Postal Service is well known to most Members. This fiscal year alone we expect a \$1.5 to \$2 billion deficit. This is on top of more than \$450 million in 1974, and \$850 million in 1975. Since the Postal Service can—and has—borrowed only \$500 million a year to cover operating expenses, it is clear that the Postal Service faces financial disaster.

But this is not simply a bail-out bill. If passed, it will be a resounding statement that the public has an overriding interest in maintaining a nationwide postal system. It will be a declaration by Congress that the mails are an essential part of our cultural, social, and economic life and that substantial public funding is necessary to insure adequate levels of

service.

I am particularly pleased that the Postmaster General recently announced a strong shift in the attitude of the Postal Service toward public funding. At the Postal Forum, the Postmaster General admitted that the Postal Service needed at least \$1 billion a year extra for the next 2 years.

Mr. Bailar said, and I concur, that increased funding should be tied to a study which would determine what formula should be used to determine the appropriate level of public service funding.

Thus, the bill establishes a study commission which will be given 2 years to study this question as well as ratemaking procedures and costing methodologies used to set postal rates. The Commission will consist of two members appointed by the President and one each appointed by the Speaker of the House, President pro tempore of the Senate, and the Postmaster General.

The next major issue broached in H.R. 8603 deals with the complex problem of postal ratemaking. In my opinion, the current mechanism requiring a quasi-judicial type hearing is cumbersome, time consuming, and inefficient. The failure of the Postal Rate Commission to complete rate cases in a reasonable period of time is a major cause of the Postal Service's fiscal dilemma.

H.R. 8603 would revise and streamline Postal Rate Commission procedures by requiring simpler legislative-type procedures. It would give the Commission 10 months to complete a case before the Postal Service could place temporary rates into effect.

Taken as a package, our revisions would provide for speedier consideration of rate cases, allow intervention in rate cases by individuals and groups who simply cannot afford the staggering tab for full legal representation under current procedures, and reverse the anomalous and confusing situation now existing where temporary rates have been in effect longer than permanent rates.

The final major issue involved in H.R. 8603 is the amount of the next postal rate increase.

In July, the committee adopted an amendment which would have allowed the Postal Service to circumvent the law on the imposition of temporary rates and place an immediate 20-percent increase into effect.

I opposed this amendment in committee because it would have allowed an immediate increase.

Since the committee adopted the amendment, the rate case pending at that time has been completed and placed into effect. The basic reason for the amendment was to allow the Postal Service to circumvent temporarily what might have been an unacceptable rec-

ommended decision by the Commission. This did not occur, and the language of the amendment is now obsolete.

But I do believe that we should limit the next temporary increase scheduled for late December. I will, therefore, offer an amendment immediately upon conclusion of debate which will have the effect of limiting that increase to 12 cents rather than the proposed 13 cents with a similar 20-percent ceiling on all other classes of mail.

If we are asking the American people to pay more out of tax funds for the Postal Service, the least we can do is show a good faith effort to attempt to keep the cost of a stamp down.

Mr. Chairman, there are other aspects of H.R. 8603 which will be discussed by other speakers.

We seek to establish a legislative policy regarding the quality of service to new subdivisions.

We address the question of mail classification for educational materials, State conservation agencies, and political parties.

We give the Postal Rate Commission more power to investigate the Postal Service, and we remove the Commission's budget from Postal Service control.

We provide that the increased appropriations will not be used to compete unfairly with private delivery firms.

This is a good bill, Mr. Chairman, and it deserves the support of all of us. It provides a reasonable sum to assist the Postal Service in providing adequate service to the American people. It will, if my amendment is accepted, place a lid on the next rate increase. It provides a study commission to apply high level expertise to three areas—public service costs, ratemaking procedures, and costing methodologies—which have presented us with thorny and hitherto insoluble problems. And it establishes a more streamlined, fairer ratemaking process.

In closing, I want to say that it is most popular today to use the Postal Service as a whipping boy, not without reason. Service is not as good as it should be, and many mistakes have been made.

But the Postal Reorganization Act brought some good things, too. It laid the foundation for modern fiscal management, it removed patronage politics from the Postal Service, and it helped open up more high level jobs to career employees.

Under the leadership of Postmaster General Ben Bailar, the new Postal Service appears to be turning its back on many of the shortsighted policies of the early 1970's.

H.R. 8603 is a beginning toward building a new relationship between Congress, as representatives of the people, and the Postal Service. I commend the bill to my

colleagues and urge its passage.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield for a question?

Mr. HANLEY. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

Mr. Chairman, the gentleman from New York indicated he was going to offer an amendment to the bill which would set a limit of 20 percent on the temporary rate increase. Is that not already in the bill? I recognize there has to be a perfecting amendment because the Rate Commission came in with their latest recommendation after the bill was reported by our committee. Therefore, the 20 percent limit, which was sponsored by me in committee, is already in the bill. Is that not true?

Mr. HANLEY. No. Actually according to the language of the bill the 20 percent approved in committee would in effect have the Congress mandating a 20-percent increase in rates on top of the Postmaster General's present proposal for another 33-percent increase.

My amendment will have the effect of striking the language of the bill and substituting a provision which would in effect be a substitute for the pending 33-percent increase proposed by the Postmaster General, reducing that 33 percent to 20 percent.

Mr. HANLEY. I would remind the gentleman of what seems to be the purpose of the bill.

Mr. DERWINSKI. Mr. Chairman, I yield myself 8 minutes.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, the U.S. Postal Service, created by the Postal Reorganization Act of 1970, officially began operations July 1, 1971. Complaints about the new independent corporation's performance began on July 2, 1971, and have continued without interruption. There have been many disappointments, but there also have been some successes. In taking over an operation that suffered from years of neglect and was savaged by partisan politics, the Postal Service found itself in the unenviable position of having to wage a concerted catch-up operation.

Thus far, the Postal Service has not been able to achieve the level of efficiency which the public demands and expects. It also appears obvious that neither Congress nor the public will tolerate a postal rate structure of the magnitude necessary for a self-sufficient operation. That invites the question: How far should Congress go in underwriting postal operations? It is the key question at issue in this bill—H.R. 8603—which deals with revenue and rates as well as the procedures of the Postal Rate Commission.

Although this bill was reported on a unanimous voice vote by the Post Office and Civil Service Committee, Members were not and still are not in agreement on how to deal with the Postal Service's financial problems. What finally emerged from committee after months of indecision and uncertainty was a compromise tailored to what, at the time, was the genuine threat of financial chaos in the Postal Service.

The distinguished chairman of our committee and I found ourselves in agreement on the Postal Service's immediate need for cash. That is why we joined forces to push for authority to give the Postal Service a one-shot increase and a 12-cent first-class rate.

The situation last July, shortly before the committee reported H.R. 8603, was this: Literally and figuratively, the Postal Service did not know where its next dollar of revenue was going to come from; its deficit for the 1975 fiscal year was an estimated \$869 million; it could anticipate new and staggering expenses from a new labor contract which was in the final stages of negotiations; a decision on its rate request, submitted September 25, 1973, still was being pondered by the Postal Rate Commission.

There was an additional major complication. The Postal Rate Commission's Chief Administrative Law Judge issued an initial decision in the rate case which, had it been implemented, would have paralyzed, if not destroyed, the Postal Service. It was against that backdrop that the committee cleared H.R. 8603 for floor action.

Today, the danger of payless paydays for postal employees has been muted by the decision of the Postal Rate Commission—a decision which overruled its own law judge. For the Postal Service, the long overdue decision meant an end to day-to-day guesswork on the revenue outlook for the current fiscal year. Now, because we are dealing with a different set of circumstances, some modifications in the pending bill are in order. At the proper time, I plan to offer two perfecting amendments which will update this important piece of postal legislation.

One of my amendments would leave undisturbed the current annual \$920 million subsidy the Postal Service receives from Congress for public service. As the bill now stands, it would increase the public service appropriation by \$1.7 billion for a total of \$2.6 billion. That largess is propped up on the nebulous formula of providing the Postal Service \$35 for each delivery in the United States. The consensus estimate on delivery addresses seems to be about 74 million.

I also will offer an amendment which will permit the Postal Service some latitude in the efficient utilization of its personnel. I will have more to say about this

amendment later in the day.

It is my hope, that this body, in its wisdom, will embrace a committee amendment which places a 20-percent limit on the temporary postal rate increases in the new rate case. Without the committee amendment, the Postal Service will be able to increase first-class postage rates to 13 cents, shortly after Christmas. The new rates requested by the Postal Service average 26 percent for all categories of mail. The committee amendment calls for a 20-percent lid on increases for each class of mail.

Less controversial but having an important bearing on postal revenues and rates are amendments which will speed up the Postal Rate Commission's decisional process. One of the amendments puts a 10-month time limit on Commission decisions and another eliminates the requirement for lengthy and costly adjudicatory procedures. In 5 years, the Commission has issued two postal rate decisions. The first decision required 17 months. The second decision was nearly 2 years in the making.

Other amendments dealing with the Commission would require Senate confirmation of Commissioners, including sitting Commissioners reappointed at the expiration of current terms; removal of the Commission's budget from Postal Service control, and clear authority for the **Chairman of the Commission to administer the agency work.**

Another key provision in this bill creates a five-member Commission on Postal Service which will study and develop guidelines and determine the cost of public services provided by the Postal Service. The Commission will be required, within 2 years, to recommend a detailed plan which will provide Congress with the basis for adequate and realistic public service subsidies.

Because postal problems are not static, the committee has no illusions about the permanency of this legislation. Instead, this bill addresses itself to a variety of problems which have been spotlighted in our committee's continuing oversight hearings on the operations of the U.S. Postal Service.

With the Commission's findings in hand, Congress will be equipped with expert information for assessing public service costs as well as the procedure for setting postal rates.

I know there are Members on the floor today who have been waiting for 5 years for an opportunity to gut the Postal Service, and that this bill is a handy vehicle for vengeance. While there may be justification for such action, I hope statesmanship will prevail and proposed wholesale revisions of the Postal Reorganization Act will be held in abeyance until we have all the facts.

Mr. Chairman, I again point out to

the Members that they should keep in mind when discussing this bill that this is the first opportunity we have had in 5 years to take a good hard look at the U.S. Post Service. I think it is timely that we do so.

The first point we have to make, I believe, is to clarify some misinterpretations that have been developed over what Congress did 5 years ago when we passed postal reform. One of the things that grew out of the debate at the time, and I think is not at all accurate, is that Congress intended that the Postal Service be a self-sufficient operation. This was not the point at all. I do not think the public, nor the Congress, would tolerate a self-sufficient postal system, for the very reason we would then have to touch sacred cows, like religious groups, not for profit publications, not to mention second- and third-class business institutions it is not practical for us to think that the Post Office could ever be on a totally pay-as-you-go basis.

So I would like to remind the Members when we speak of postal organization amendments, we are automatically speaking of subsidies, and subsidies, of course, are something that come from the pockets of the taxpayers.

In the bill before us, there is, in effect, a proposal disguised as a delivery service that would cost the Treasury, and therefore, our taxpayers, \$1.7 billion above the present public service subsidies.

At the appropriate time I will offer an amendment to strike that section, which means that we would, if that amendment is adopted, retain the present public service subsidy, which is approximately \$920 million.

In addition, Mr. Chairman and Members, I will support the retention of the amendment that was adopted, which I cosponsored with the gentleman from North Carolina (Mr. HENDERSON) and later officially sponsored in the committee by the gentleman from California (Mr. CHARLES H. WILSON), that would have the practical effect of limiting a first-class postage rate increase to 12 cents. There will be, as we have been advised by the Postmaster General, a request for an increase in postage rates.

These new postage rates would go into effect after the Christmas holiday. If the provision in the bill is retained, we would be limiting the first-class rate to 12 cents.

In addition, Mr. Chairman, I do concur with the emphasis made by the gentleman from New York (Mr. HANLEY), with the amendments in the bill for the reform of the Postal Rate Commission. I must point out to the Members that in the 5 years of its existence, the Postal Rate Commission has issued only two postal rate decisions. Their record of ineffective bureaucracy is one of the worst

in the history. There are provisions in this bill which I think will very effectively reform the Postal Rate Commission. It will produce the kind of responsibility from them in the future that has been lacking in the last 5 years.

One more point I want to stress at this time in general debate, Mr. Chairman, I realize in my conversations in the cloak-room and in the Halls that there are many Members who are extremely frustrated with the Postal Service and they have been patiently waiting for this day when they could get at the Postal Service on the floor of the House. I would hope that this bill would not become a vehicle for a blind attack on the U.S. Postal Service. They are not perfect, but they are an improvement over the deteriorating Postal Department that existed before reform.

Let me just point this out, so we understand the problems we are going to face. The Postal Service is in large part deserving of the irritation shown by the Members of Congress, because they have been absolutely stupid in their public relations and in their liaison contacts with Members.

They assumed—Postmaster General Blount, later Postmaster General Klassen, and now Postmaster General Ballar—that they were set up as a quasi-independent entity, and that they were totally removed from politics. They have felt that they could basically ignore the Congress, and this is just plain stupid public relations. If the Postal Service had been reasonably attentive to the complaints of Members of Congress over the years, separating the political intervention from the legitimate complaints about service that Congressmen get, I think they would not be in the trouble that they may be in on the floor this afternoon.

But, I beg the Members not to take out their frustrations and irritations in a blind fashion on the Postal Service. If they could join me in striking the abnormal subsidy in the bill; if they could join me in sustaining the 12-cent first-class stamp; if they could join the entire committee in opening the reform of the Postal Rate Commission, in my opinion we will have done a good day's work.

Later on, when we get to the amendment stage, I will direct my remarks very specifically to this issue, but again I re-emphasize my point that this is no time for a lack of objectivity. We are dealing with a service that is absolutely vital to the public. There is no going back. We either make reform work or we get more complaints from the general public.

This is a big business. It is a costly business; costly to mail users and also to the taxpayer if we go the route of unrestrained subsidy.

As much as I believe that the postal authorities deserve to be taken to the

woodshed for a good whipping, it should not be in the form of bad amendments and a bad bill this afternoon.

Mr. HANLEY. Mr. Chairman, I yield 5 minutes to the gentleman from North Carolina (Mr. HENDERSON), Chairman of the full committee.

(Mr. HENDERSON asked and was given permission to revise and extend his remarks.)

Mr. HENDERSON. Mr. Chairman, I rise in support of H.R. 8603, and I would like to direct my colleagues' attention to the general status of the Postal Service's finances, which in my opinion require the enactment of this legislation.

In 1970, when Congress enacted the Postal Reorganization Act, it was generally assumed that a subsidy of \$920 million, which represented 10% of the fiscal year 1971 appropriation to the Post Office Department, would be sufficient for the maintenance of postal services at a reasonable level until the advantages of modernization and mechanization could be realized.

What Congress could not foresee was the impact of inflation upon postal costs. In the 5 years since the enactment of the Reorganization Act, postal costs have increased from \$9.2 billion to \$14.5 billion annually, a 58-percent increase, primarily attributable to postal pay increases which have either been enacted by Congress or negotiated in collective bargaining. The hopes for modernization, which the Kappel Commission and others predicted, have not been realized. There are almost exactly the same number of employees in the Postal Service today as there were in 1970—700,000.

Now here are three ways to handle this problem. One way would be to reduce collection, delivery, and processing services and, thereby, reduce costs. Postmaster General Klassen tried to do that in 1972. He imposed a freeze on hiring and eliminated 25,000 jobs. He also incurred the wrath of the public and the Congress, which led to an "unfreeze" and hiring of thousands of new employees to restore service to its previous levels.

So cutbacks in service did not seem to be the answer. Even modest proposals, such as the discontinuance of Saturday delivery, have been met with substantial opposition from the public and the Congress. Even if services could be reduced, the impact on postal costs would not be significant. I do not believe that the public is likely to accept a postal system which delivers only 3 days a week or, as a matter of policy, intentionally delays mail to reduce costs.

A second method of meeting costs is to increase postal rates. The problem with that is, we are already doing it. The first-class stamp cost 6 cents when the Postal Reorganization Act was passed 5 years ago, and soon the cost will be at

least twice that much. A 100-percent increase in first-class rates in 5 years is, in my opinion, as much of an increase as the public can be expected to bear.

Increases in other classes of mail have been even greater. Third-class mailers were paying 4 cents per piece 5 years ago this Christmas, and 3 days after Christmas of this year their rates will be 7.9 cents per piece—a 97.5-percent increase.

Newspapers and magazines have seen their rates increase several hundred percent over 1970 levels. The average second-class regular rate publication paid 2.3 cents per piece in 1970, and now is destined to pay 9.1 cents per piece under the full rates recently established. Second-class revenues will have increased from \$128 million in 1970 to \$450 million at full rates.

Parcel post rates have also increased substantially, at the same time that parcel post volume has declined dramatically. Parcel post volume has dropped 50 percent in the past 10 years, and rate increases will only drive more parcel business out of the Postal Service, and thereby further increase the costs of parcel delivery for the remaining customers of the Postal Service—meaning the average citizen who mails a few packages a year.

Postal rates must increase if costs increase, but I do not believe mail users under present circumstances should pay all of the costs which result from inflation and other factors over which mail users have no control whatsoever.

That leaves us with the third alternative, and that is to increase the general subsidy to the Postal Service for a reasonable period of time. The \$920 million public service subsidy represents 10 percent of total postal costs 5 years ago; but because costs have increased 58 percent in the past 5 years, the \$920 million is only 6.3 percent of total postal costs, today. Of course, the value of those dollars have been badly eroded by inflation. If the Postal Service were to be put on the same relative footing today that it was 5 years ago, the public service subsidy would have to be increased to \$1.5 billion in actual dollars, and closer to \$2 billion to restore the full purchasing power of the dollar.

The formula which the committee has worked out provides for a 4-year subsidy of approximately \$2.6 billion per year, which, when combined with other revenues will come very close to balancing the postal budget. If we approve this legislation and carry out the purposes of these new authorizations, the postal deficit of fiscal year 1976 would be cut from \$1.4 billion to \$160 million. This estimate presumes new temporary rates in December at the 20-percent level for all classes of mail.

It will not do any good, in the long run, to approve this measure and not live up to the bargain.

Events, inflation, and the policies of the Office of Management and Budget have virtually forced the Postal Service to borrow money to pay its bills. I believe the time has come for the Congress to tell the Office of Management and Budget that it does not establish the postal policies of the United States. I do not believe there is a reasonable alternative to increases in the postal subsidy.

We must act in order to insure the success of the Postal Service and the long range policies of the Postal Reorganization Act.

Mr. Chairman, as we look back from the vantage point of 5 years of operation under the Postal Reorganization system which we created, at best we must admit that the bright promise of increased efficiency has not materialized.

I know I do not have to tell you that there is widespread public criticism and disenchantment with the new Postal Service, and it is a fact that some of it is well founded and must be taken seriously.

It is obvious to us all that to date the corporate type management of the Postal Service has not done much better than Congress did in tying increases in pay and benefits to greater productivity and increased efficiency. It is likewise apparent that the rate-fixing mechanism we established is too cumbersome and time consuming.

The bill we are considering here today will provide for a temporary subsidy from tax funds for the Postal Service, and an amendment that will be offered will place a temporary ceiling on the percentage of increases for the pending rate proposal.

This bill should be taken for what it is—a stopgap measure designed to remedy a temporary situation.

We have yet to see the emergence of the truly well motivated work force that is essential if we are ever to achieve the kinds of productivity increases that we need so badly.

It is not fair to criticize management of the Postal Service with broadside charges without reducing them to specifics. What we need is people who know how to deal with a work force, and the complete removal of any taint or suggestion of political favoritism or cronyism in appointing the Board of Governors. We can and should adopt standard sizes and shapes for envelopes. We should increase automation and electronic scanning of mail.

The Congress should overhaul the rate-making procedure as is proposed in this legislation.

Congress should make changes in the makeup of the Board of Governors and

the Postal Rate Commission. One of these items is covered by this legislation.

I believe that the public is willing to pay more for first-class postage but it does not want first-class postage to carry more than its fair share of the burden.

As I have indicated, pressure continues to mount for Congress to take some sort of drastic action to step in and make wholesale changes in the Postal Service. My studies and observations have convinced me that there are no pat and easy solutions to longstanding problems, and I have been in Congress long enough to know that you cannot solve complex problems simply by passing new laws.

Some people are saying that 5 years is long enough—that the concept of a public corporation using basic business management techniques has failed and that we should try a drastically different approach. I do not agree with this policy.

I believe that the bill before us today, with the amendments that will be offered by Mr. HANLEY, presents the best approach for the remedy of some of the problems faced in the Postal Service today.

I urge your favorable consideration of the legislation.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. HINSHAW).

(Mr. HINSHAW asked and was given permission to revise and extend his remarks.)

Mr. HINSHAW. Mr. Chairman, all of us, I am sure, get letters from our constituents. Therefore, I thought that during our general debate I would take some of the language from my constituents' mail and relate it to this particular bill. So, in essence, these comments are comments in which I concur and which I am sympathetic to, but they represent the consensus of the constituent attitudes in my district. The consensus goes along this line:

The American taxpayer feels very strongly that he is being ripped off by Government at every turn—the cost of living, energy, utilities, you name it. But most of all, they seem to be complaining about the Postal Service, and my mail reflects, I think, a complete disillusionment of the American people with the Postal Service. They have seen rate increase after rate increase come along—from the 3-cent stamp in recent years to now the 10-cent stamp and, for possibly a Christmas present, a 13-cent stamp.

With each increase in postal rates, all of us have witnessed a deterioration in postal service, to the point that now one can personally deliver many of his letters to their destination and still beat the mail delivery. We are almost justified in thinking that the Pony Express was better in terms of delivery than that we have today. In my district, on many occasions,

it takes a letter 10 days to go from the city of Costa Mesa to the adjoining city, the city of Newport Beach. We wonder why, when the points of delivery are only 7 to 10 miles apart.

I think a lot of the people in my district know that Members of Congress do not even dare question the power of the Postal Service because they feel that when we make our complaint the Postal Service just says to Members of Congress, "Go your own merry way and do not question us."

We are even told in some cases that persons feel they should not complain to their local postmasters, but they should complain to Washington. Even the local postmasters are becoming concerned about the difficulties they have in terms of responding to the complaints of constituents who feel strongly enough to go to their local postmasters.

There are many in my district who have complained about the "ivory tower" attitude of the Postal Service who will not listen even to the Members of Congress.

In the meantime, as we have recently seen, the Postal Service is entering into labor agreements, the type of which no other corporation, company, or Federal agency in America could or would enter into. And that is done regardless of the millions of dollars that we appropriate here in Congress to provide the latest in machinery to help speed up the processing and delivery of mail. Regardless of how many man-hours in efficient procedure the Postal Service puts in, this machinery could still provide the Postal Service some measure of efficiency if the Postal Service had better management concepts.

Mr. Chairman, we would hope that new machinery would speed up the process of delivering mail and reduce labor costs and yet we have a contract now in which is contained a no-layoff clause.

My principal letterwriting constituent went on to say as follows:

Mr. Congressman, to the millions of our citizens and constituents living on fixed income such as Social Security and other pension payments, to those wage earners whose income is tied to cost-of-living increases, I cannot condone or approve the steady, annual and semi-annual increases in the Postal Service rates.

He stated that these rates are designed, it seems, to only promote continued decreases in the level and quality of service.

Then he went on to take to task the salaries which those who are in the postal management are getting.

It would seem to me that the Congressmen and the Senators who are elected to represent their people should realize that the American public is going to be watching what we do with this pos-

tal reorganization bill which provides for increased postal rates. Some of my own committee hearings indicate to me that the Postal Service is not engaging in good accounting practice, and, in fact, Administrative Law Judge Winner ruled that the first-class postage stamp should be 8½ cents and that the rates of other mail classes be increased to take up the slack.

We know from sitting on the Committee on Post Office and Civil Service that the Postal Service is engaging in suspect accounting practices. They do not attribute properly attributable costs to the various classes of service as they are required to do under the Postal Reorganization Act. In fact, the Postal Service

flights for retaining rights of delivery in those classes of service where they cannot even economically compete with private enterprise. I think parcel post is a good example; fourth class is a good example.

Mr. Chairman, I think it is time for the Congress to reevaluate the private express statutes which provide for a monopoly of first-class mail delivery. I believe that some time, if we do not look to the efficiency of postal service and reevaluate the monopoly in the private express statutes, we will go down the road to maybe even higher first-class stamps, perhaps 15 cents to 20 cents.

I think we should require that the Postal Service be run as a private corporation. The Postal Service in its attitude overlooks the word, "service." Private corporations can go out of business; they can curtail products; and they can eliminate uneconomic divisions and plants. But the Postal Service cannot do that because the Congress will not let it do that. Yet the Postal Service seems to be running the operation as a private corporation and saying in effect, "We will cut down on service whenever we choose."

Mr. Chairman, I will have some amendments to offer later in the day that will deal with the postal rate increases. I say that it is high time we make those in the Postal Service realize that they are subservient to the Congress and that the Congress is subservient to the people. I think they should realize that we cannot have annual and semi-annual increases in the postal rates just simply because the postal management refuses to become efficient, refuses to adopt good accounting practices, and refuses to pay attention to the postal rate case where Administrative Law Judge Winner took them to task severely. I think they should adopt the same kind of attitudes that private enterprise has, if they are going to want to be a private corporation, and they should say that, "Service comes first, and if we do not provide service, then we will be forced as a private corporation to go out of business."

Mr. HANLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Washington (Mr. ADAMS).

(Mr. ADAMS asked and was given permission to revise and extend his remarks.)

Mr. ADAMS. Mr. Chairman, the bill under consideration would increase the amount that is paid out of the Federal budget for the U.S. Postal Service by \$1.7 billion. An increase of this magnitude was not contemplated on our first budget resolution last spring.

In considering the recommendations we made to the House on the overall figures on budget authority, outlays, and deficit for fiscal year 1976, the Budget Committee foresaw a need for a small increase over the President's budget request—\$200 million—needed to preserve the will of Congress in approaching the goal of self-sufficiency for the Postal Service. The budget resolution fully contemplated that this goal of self-sufficiency was a continuing policy of the Congress.

This bill does not itself provide budget authority or appropriations for an increased subsidy.

Although H.R. 8603 is an authorization bill, the Appropriations Committee will find it very difficult to refuse to enact a supplemental appropriation for funding. Since obligation have been incurred.

As I stated before House Concurrent Resolution 218 included a \$200 million increase in postal subsidies above the President's budget—from \$1,490 million to \$1,690 million—for expected unavoidable added costs of "revenue foregone" resulting from the scheduled increase in postal rates. The resolution provides no additional funds for "public service costs"—the subject of H.R. 8603.

BACKGROUND: POSTAL REORGANIZATION ACT OF 1970

The aim of the Postal Reorganization Act was to provide that those who use the Postal Service should pay its costs. It created an independent U.S. Postal Service with the objectives of self-sufficiency, except for first, "phasing" appropriations to cushion the immediate shock of higher rates on some business users, and second, subsidy of \$920 million per year for "public service costs," which were also ultimately to be eliminated.

DEVELOPMENTS: OF 1970 TO 1973

Procedures for setting postal rates are time-consuming and cumbersome, resulting in severe lags between the effect of inflation on postal costs and the attainable amounts of postal revenues. USPS borrowed \$448 million in 1974, \$850 million in 1975, and perhaps as much as \$1.5 billion in 1976. The first-class rate increase from 10 to 13 cents now sought by USPS—to go into effect early in January—is estimated to hold

borrowing requirements to \$1.4 billion.

WHAT WOULD H.R. 8603 DO?

Many changes are of no interest to the Budget Committee; however, H.R. 8603 would:

First, increase budget authority and outlays by \$1.6 billion, if the bill is passed and signed and funding is assumed to be unavoidable;

Second, limit the pending postage-stamp increase so that the January first-class rate would be 12 cents instead of 13 cents.

Third, cause the deficit to increase by \$1.6 billion above target when appropriations are made.

Mr. ROUSSELOT, Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from California.

Mr. ROUSSELOT, Mr. Chairman, I appreciate the comments of the chairman of the Budget Committee.

Is his recommendation, then, that we try to reduce this add-on deficit?

Mr. ADAMS. That would be my recommendation, and I will support an amendment that will take the money in excess of that part of the resolution.

Mr. ROUSSELOT, Mr. Chairman, I appreciate the gentleman's comments.

I think it is important that the Committee on the Budget be heard on the subject because we do have the overall responsibility on the problems of deficit financing, and I think the gentleman's comments should carry a great deal of weight when we get to that point in taking up the amendment.

Mr. ADAMS. Mr. Chairman, I thank the chairman of the committee for yielding.

We would not interfere at all in the jurisdiction of this commission in terms of specific portions of the bill and how it should be handled. Each individual Member should make up his own mind, but in terms of the macroeconomics of this year, I want the Members to understand very fully that this was not within the deficit financing we contemplated for the House when the first concurrent resolution was brought up.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. Yes, I yield to the gentleman from Texas.

Mr. KAZEN. How much are we authorizing by this bill?

Mr. ADAMS. The total amount authorized was to go from \$1,490 million to \$1,690 million. This particular bill adds to the top of that an additional \$1.7 billion.

In other words, the subsidy was at \$920 million per year, and this raises it, as the gentleman so well stated, to \$2.6 billion for this year.

The CHAIRMAN. The time of the gentleman from Washington (Mr. ADAMS) has expired.

Mr. HANLEY. Mr. Chairman, I yield 1 additional minute to the gentleman from Washington (Mr. ADAMS).

Mr. Chairman, will the gentleman yield?

Mr. ADAMS. Yes, I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, certainly we have full appreciation of the responsibility of the Committee on the Budget.

We all will agree that its purpose is to plan; and in essence, it is nothing but a plan because it cannot foresee situations as the U.S. Postal Service happens to be confronted with now, that is, a declining volume of mail, and along with it, a declining revenue.

Therefore, are we going to adjust and are we going to pump into it the necessary dollars or are we going to stand by the sidelines and see the institution go bankrupt?

Mr. Chairman, I appreciate the efforts of the Committee on the Budget, and I appreciate its position. I would be remiss, however, if I did not point out this side of the coin.

I thank the gentleman for yielding.

Mr. ADAMS. Mr. Chairman, I thank the gentleman for having yielded me the time.

I will state that the first concurrent resolution sets targets as things change during the year. It is the will of Congress as we vote on these matters.

The second concurrent resolution in October will take into account whatever changes the Congress may have made here, in the Middle East, or elsewhere.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, there are several issues in this bill that I think we need to address but since the chairman of the Budget Committee has been helpful enough to address the issue in this bill relating to deficit financing and its tremendous magnitude and impact on our overall budget, I would like to take some time to comment on that issue. There are additional amendments in which I am interested and I will comment on them at a later point.

My good colleague, the gentleman from New York (Mr. HANLEY), who has worked diligently on this bill, and it carries his name, has just indicated that if we do not grant this substantial increase in subsidy, that somehow the post office might go bankrupt.

My colleagues, I think that is clearly an overstatement and I am sure the gentleman did not mean to make it.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will yield to the

gentleman from New York in just one moment.

First, Mr. Chairman, let me tell the Members what the annual cash flow of the Post Office of the United States is. From revenues on postage already in place, it is \$11.9 billion. An \$11 billion cash flow without any subsidy. If we were to talk to any manager of any normal business and were to ask them, do you think you could get along on \$11 billion and run an efficient business? They would all say, why, of course, we can. And if they did not, they would be thrown out by the board of directors, and they should be.

I believe that the gentleman from Arkansas (Mr. ALEXANDER) and the gentleman from Illinois (Mr. DERWINSKI) both have amendments to conform with the request of my colleague the gentleman from Washington (Mr. ADAMS), the chairman of the Committee on the Budget, so as to bring this terrible deficit in the Post Office into some kind of compliance with normal operating procedures.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague the gentleman from Illinois but first my colleague the gentleman from New York (Mr. HANLEY) has asked me to yield because I know the gentleman is concerned about the question of the bankruptcy of the Post Office. So I now yield to Mr. HANLEY.

Mr. HANLEY. Mr. Chairman, I thank the gentleman from California very much for yielding, when I say this institution is on a collision course with bankruptcy, let me point out to the gentleman that the past fiscal year—

Mr. ROUSSELOT. It is kind of like New York City, is that right?

Mr. HANLEY. That is another issue.

Mr. ROUSSELOT. It is similar to this issue.

Mr. HANLEY. The facts are quite clear. The last fiscal year produced a deficit of \$830 million. Add to that the borrowing of \$500 million, and it heads into the present fiscal year with an anticipated deficit of \$1.8 billion.

The gentleman from California has mentioned cash flow but the gentleman has not mentioned at all the overhead associated with that cash flow. There is the payroll for better than 700,000 employees. There are things like gasoline for the operation of their 122,000 vehicles.

Incidentally, every time the cost of gasoline increases by 1 cent, that means an add-on of \$3½ million to the overhead of the institution.

I have already related to the problem of the declining volume. So I think I am on pretty firm ground when I say that the institution, viewing all of these cir-

cumstances, is very definitely on a collision course with bankruptcy.

Mr. ROUSSELOT. The gentleman does not think that one could run the Post Office on a cash flow of \$11 billion. The gentleman believes this institution is going to go bankrupt if we do not give them an add-on deficit to what they are already getting each year of roughly \$900 million of subsidized funding? And if they do not get that they will go bankrupt? Is that the gentlemen's statement?

Mr. HANLEY. What I am saying is, giving the prevailing circumstances, the USPS is on a collision course with bankruptcy.

Mr. ROUSSELOT. It that the gentleman's statement?

Mr. HANLEY. It is kind of interesting, if the gentleman will yield.

Mr. ROUSSELOT. I will be glad to yield for an answer.

Mr. HANLEY. Outside forces prior to 1970 forced the Postal Reorganization Act, saying, "Take it away from the Congress and put it in the hands of responsible businessmen who know how to administer such an institution."

Mr. ROUSSELOT. Of course, as the gentleman knows—and I will interrupt him at that point—I did not vote for the Postal Reorganization Act because I foresaw, as the gentleman from Iowa (Mr. GROSS) did, and many of the rest of us, the very problems with which we are now confronted.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DERWINSKI. Mr. Chairman, I yield 3 additional minutes to the gentleman from California.

Mr. ROUSSELOT. We did not really give the management of the Post Office Department the kind of capability for dealing with the problems as a true business. It has not been run as a true business, as the gentleman well knows, and there is not a business in this country that would not have gone out of business a long time ago if it operated the way the present postal system is operating. And that would be particularly true if the total customer dissatisfaction was present that we now have with the Post Office Service.

As a matter of fact, even the Federal Government is not wholly satisfied with the Post Office Department. They are using the United Parcel Service all over the country because they can get better service in a privately operated parcel service than they can with the Post Office Department.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague.

Mr. DERWINSKI. I thank the gentleman for yielding.

There is one minor correction. The

gentleman used the figure of \$11 billion cash flow. The gentleman mentioned a subsidy. So that the Members will understand the total cash flow, because the appropriation becomes cash flow, the total figure come up to \$12,600,000,000, because the total subsidy, including revenue, is up to \$1,600,000,000.

Mr. ROUSSELOT. That is right.

Mr. DERWINSKI. If we then listen to the admonition of the gentleman from Washington, chairman of the Budget Committee, and keep in mind the \$1.7 billion additional, then we are speaking potentially of a \$3.3 billion subsidy, and that is a scary figure.

Mr. ROUSSELOT. It is not only scary; I think it is unreasonable to ask this Congress to pass upon that kind of a subsidy, especially when the service has not improved that much. As a matter of fact, in many areas since we passed the Reorganization Act, it has gone clearly downhill, especially in the major metropolitan areas. Our constituents know that, and they know it too well. They are going to watch this Congress today to see what it does and whether it is going to consider allowing the Postal Service to operate without providing true and total service, even with an add-on deficit.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. I thank the gentleman for yielding.

I listened with interest to the gentleman, and I think the gentleman focuses on the point. I will agree with the gentleman from New York as well that the costs have increased, but it is the manner in which the costs have increased that disturbs all of us.

I have here a list of 21 cost overruns of bulk mail centers in the United States, that I have included as part of my remarks on the rule, totaling \$19,725,000. I note that in Des Moines there was a cost overrun of \$299,000 to the Blount Construction Co.; in Detroit, a cost overrun of \$1,653,000 to the Blount Construction Co.; in Philadelphia, a cost overrun of \$580,000 to the Blount Construction Co. and in Los Angeles a cost overrun of \$4,175,000 to the Blount Construction Co. That Blount just happens to be the former Postmaster General.

I thank the gentleman for yielding.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HANLEY. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

I want to ask a question or two of the gentleman from Washington, the chair-

man of the Budget Committee. I was surprised when the gentleman participated in the debate and suggested that we should remove from this authorization bill the subsidy that is included in it. I recall the gentleman wrote a letter to the conference committee on the military procurement bill when we were critical of Senator MUSKIE for assuming the same role, injecting the Budget Committee into authorization bills. Does that mean that the gentleman from Washington is now a Presidential candidate, or is he assuming the role in the House now that Senator MUSKIE did in the Senate?

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. CHARLES H. WILSON of California. Certainly, I will yield to the gentleman.

Mr. ADAMS. I thank the gentleman for yielding to me.

No; it is the position of the Budget Committee that we will not be generally involved in authorization bills.

I have inquired of the Appropriations Committee the effect of this bill. The effect of this bill, I am told by members of the Appropriations Committee, will be to incur obligations which they must automatically appropriate. Therefore the only point at which comment can be made on whether or not this deficit in outlays and appropriations will occur is during this debate because the Appropriations Committee will have no choice. That is the reason I am here today. I hope the gentleman understands, as I stated to the chairman of the committee, for whom I have great respect, that we are not trying to interfere with the manner in which individual portions of the bill will be debated. That is for the members of the committee and the Members of this body who wish to support or to oppose the bill. But the effect of the outlays of this bill will be to increase the deficit by \$1.7 billion.

Mr. CHARLES H. WILSON of California. The gentleman has inquired of the Appropriations Committee what the effect will be?

Mr. ADAMS. We have done that and the reply has been made to us that if this authorization is passed, that they, because of the nature of the obligation, will have no choice but to appropriate. Therefore, that is our reason for mentioning it during consideration of this bill.

Mr. CHARLES H. WILSON of California. What will the gentleman do when the Sinai bill comes up asking for \$3 billion-plus which has not been considered before?

Mr. ADAMS. Precisely what I did on this. The gentleman knows and I know that if they wish to have whatever additional amount is requested by the Presi-

dent, it will add to the deficit we will incur this year. Members can decide whether or not they wish to increase the deficit at that point. I will make an individual judgment, as will the gentleman, as to whether it is to the interest of the United States to do that. But it will have the effect of increasing the budget deficit. I know of no place where the amount can be obtained within the budget.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I wonder if the gentleman from Illinois (Mr. DERWINSKI) will answer one or two questions for me?

Mr. DERWINSKI. Of course.

Mr. CHARLES H. WILSON of California. I understand the Postal Service supports the bill in its present form. Is that correct?

Mr. DERWINSKI. No, I believe not. The Postal Service is very definitely opposed to the so-called Mineta amendment. They believe the provisions of the bill are workable from their standpoint.

Mr. CHARLES H. WILSON of California. Are they not on record as wanting this?

Mr. DERWINSKI. They are on record as wanting a proposal roughly the size of what the gentleman from New York at some point might propose, an additional \$900 million, I think, as a total. Also they do not have an enthusiastic attitude toward our reform of the Rate Commission section.

Mr. CHARLES H. WILSON of California. They would like to see us abolish that.

Mr. DERWINSKI. Also, they are not happy with the 12-cent limitation we would impose or the 20-percent we would impose on the rate increase.

Mr. CHARLES H. WILSON of California. The gentleman is not going to go along with them on the 3-cent increase?

Mr. DERWINSKI. Unlike other members of the committee I have not been a rubberstamp for the Postal Service. I try to be objective.

Mr. CHARLES H. WILSON of California. The gentleman thinks they are generally in favor of this?

Mr. DERWINSKI. I think the bill in its present form is totally objectionable to them for many reasons. The first is they would get more of a subsidy than Mr. Bailar has officially asked for, which is embarrassing to them. Secondly, they would get less revenue than they applied for in their recent request to the Rate Commission. For conflicting reasons they are opposed to different key sections of the bill.

Mr. CHARLES H. WILSON of California. It is interesting but not surprising. It is interesting because we on this side were under the impression the Service was in favor of the bill and it was put in a shape that they could live with.

Now is the gentleman saying they are opposed to it?

Mr. DERWINSKI. Let me clarify. I think the gentleman will find no statement of the Postmaster General to that effect. One has to look to what the public position is. That is why they are embarrassed by the subsidy and the size of the bill, which is not what they wanted. Secondly, they do not want us to put the 20-percent limit on the rate increase.

Mr. CHARLES H. WILSON of California. If they were in favor of the bill, which they told us they were, where does the administration stand?

Mr. DERWINSKI. The administration's position is very clear. The administration does not want any new subsidy for the Postal Service at this point.

Mr. CHARLES H. WILSON of California. They are opposed to the bill?

Mr. DERWINSKI. They are opposed principally because of the subsidy measure. They have no interest in this new view of the Rate Commission. They are opposed to the amount of the subsidy.

Mr. CHARLES H. WILSON of California. I thank the gentleman.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the hard-working member of the committee, the gentleman from New York (Mr. GILMAN).

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Chairman, we are all aware of the undue delay and indeterminate time taken by the Postal Rate Commission to render its rate-setting decisions. The Commission which was created in 1970, has taken a total of 39 months, or over 3 years, to complete action on its first two rate cases. And, let us bear in mind, that this extensive delay is at a time when the Postal Service is operating at a deficit of \$250 million per month—a burden which we are now shouldering on the taxpayers.

If we adopt the provisions of H.R. 8603, we will be imposing on the Postal Rate Commission a 10-month statutory time limit in deciding future rate applications of the Postal Service.

Failure to do so would allow the Postal Service to place temporary rates in effect at the level they have requested.

One of the most serious obstacles confronting the Postal Rate Commission in deciding these rate applications is the problem of obtaining the necessary, timely information needed by the Postal Rate Commission to justify their findings.

The history of rate application cases before the newly created Postal Rate Commission is a sorry spectacle, contributed to by the failure of the U.S. Postal Service to respond to both justifiable requests of the Postal Rate Commission and requests for legally ob-

tainable information by intervenors. Repeated motions by the Postal Rate Commission and intervenors for discoverable information in order to ascertain the need for further rate increases were met by inordinate delays and half-hearted responses, forcing new motions.

If we are now going to insist that the Postal Rate Commission accelerate its decisionmaking process, reducing it to a 10-month time frame, then we must provide the Postal Rate Commission with the ability and the teeth to obtain whatever information is deemed necessary and relevant, backed up by subpoena power enforceable in a court of law.

To achieve this purpose I offered and the committee accepted two amendments which are incorporated in this legislation.

One provision provides for certain reporting requirements to be carried out by the U.S. Postal Service on a regular current basis along with whatever further information the Postal Rate Commission deems appropriate.

This provision requires that the Postal Service shall keep the Postal Rate Commission fully and currently informed with respect to the operation of the Postal Service and furnish to the Commission information with respect to—

First. Internal Postal Service management matters;

Second. Plans and policies of the Postal Service with respect to proposed changes in the nature of postal services; and

Third. Evaluations undertaken by or at the direction of the Postal Service with respect to the operation of the Postal Service.

In addition, the Postal Service shall be required to furnish to the Postal Rate Commission any information which the Commission considers necessary or appropriate for the effective evaluation of the operation of the Postal Service.

The other provision, which I proposed and which is included in this measure, grants the Postal Rate Commission the authority to initiate reviews and hearings with respect to the activities of the Board of Governors and the Postal Service and the power of subpoena to compel the production of evidence and testimony of witnesses with respect to any hearing held by the Postal Rate Commission enforceable by a contempt citation in an appropriate district court.

Mr. Chairman, I believe these two additions to the bill greatly streamline and enhance the functions of the Postal Rate Commission and will expedite the Commission's efforts to meet the 10-month time limit we are imposing for deciding future cases.

I ask my colleagues to support this portion of the postal reorganization measure which is designed to cure many of the deficiencies of the Postal Service

and which will expedite the Commission's consideration of postal rates.

Mr. HANLEY. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. SIMON).

(Mr. SIMON asked and was given permission to revise and extend his remarks.)

Mr. SIMON. Mr. Chairman, I support this bill because I think it takes us out of the land of make believe. Let me point out to my colleagues what has not been mentioned.

The Postal Service has the authority to issue bonds, so that if we do not vote this appropriation to help balance the budget, in fact all that is going to happen, as far as the national economy is concerned, is that the Postal Service goes out and issues that many bonds to make up the deficit. That is what we are talking about.

What the gentleman from New York is trying to do with this bill is to make this a little more realistic. Today I will be offering an amendment which goes beyond this, which will be resisted by my good friend from New York. My amendment suggests that we get rid of the Postal Rate Commission and put the postal rates on the Consumer Price Index. Everyone has talked about the uselessness of this appendage, the Postal Rate Commission. Let us face it; let us get rid of it.

Mr. Chairman, there are other structural changes which need to be made, but I think the gentleman from New York is moving in the right direction with this particular bill.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. ASHBROOK), former candidate for President.

(Mr. ASHBROOK asked and was given permission to extend and revise his remarks.)

Mr. ASHBROOK. Mr. Chairman, I thank my friend from Illinois.

Mr. Chairman, I am generally opposed to large operating subsidies as proposed here, although I do support the basic concept that we should underwrite a basic reasonable charge-off for service. I just think that certainly we hold a double standard on the Post Office. We provide many Government services, and many of them are not paid for by the users exclusively, so I think that sometimes we do find ourselves a little unfair on the Postal Service. Yet, I do not think anything of this size can be merited.

Mr. Chairman, the Postal Service has been given a monopoly over first-class mail, and it has abused this monopoly power.

Because such abuse is commonly found in monopoly situations, it would be advisable to make certain that the Postal Service not obtain a monopoly over any other class of mail service.

Lines 3 through 8 of subsection 3 on page 14 limit the subsidy that can be applied to parcel post, and thereby insures that the Postal Service cannot develop a package delivery monopoly through rate subsidies that destroy private competitors. While there are many reasons to oppose this bill, that particular section is very meritorious.

Because first-class mail is a postal monopoly, the Postal Service has put an exceptionally heavy rate burden on the first-class user.

Since 1970 when postal reorganization went into effect, first-class rates have gone up 67 percent while parcel post rates have increased by only 16 percent. The chairman just stated that parcel post revenues have gone down.

The users of first-class mail has no alternative mail service to which he can take his business.

Either he uses the Government's mail service, or he must go to the added expense of a phone call or telegram.

So the first-class mail user is a captive customer, and the Postal Service burdens him with a disproportionate share of the costs of postal operations.

This abuse of monopoly power is not only unfair to the first-class mail user, but it runs counter to the provisions of the Postal Reorganization Act, which specify that each class of service shall bear its own costs.

When monopolies are granted to private companies, strict controls over rates and service are established by Government to minimize abuse.

Such a control has been out of the Postal Service monopoly by the Postal Reorganization Act, which specifies that rates for each class of service have to recover the costs of the service.

Package delivery service clearly is one service where no postal monopoly exists.

By the retention of subsection 3 on page 14 of the bill, we will insure that the monopoly power of the Postal Service is not extended to package deliveries.

This subsection must be retained. It gives the private package delivery companies a chance to compete, and it thereby protects the public from the further postal abuses.

I oppose the so-called Postal Reorganization Act. History has shown it was poor policy and should be rescinded.

Mr. HANLEY. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. MINETA).

(Mr. MINETA asked and was given permission to revise and extend his remarks.)

Mr. MINETA. Mr. Chairman, the necessity for this bill, is paramount when we think about the fact that this is the only contact that citizens have with the Federal Government. If we are to be in a position where we are not going to allow the deterioration of service to con-

tinue, I think it is vital that this bill be passed.

Mr. Chairman, for too long we have really let service slide. I believe, under the able leadership of the chairman of the Postal Service Subcommittee, we are now on the right track and with this legislation will be able to be in a position to make sure that service is not deteriorated and at the same time people will recognize that they are getting their money's worth.

Mr. Chairman, again I urge all of my colleagues to support the bill as it is presently written.

Mr. SCHEUER. Mr. Chairman, I rise to give my support to subsection 3 which limits parcel post subsidy.

Such a limit on parcel post subsidy hopefully will encourage the Postal Service to put a handle on cost control in order to operate in a more business-like manner.

It should do this economic housecleaning before going out to solicit new package volume.

The Postal Service contends that it must increase its volume of packages so that it can reduce its unit costs.

However, it seems bent on doing just the opposite. It is constructing a system of bulk mail facilities that will cost over a billion dollars. The only way they could possibly pay for this system is through greater and greater congressional subsidies, instead of charging proper rates based on an efficient, tightly organized operation.

The Postal Service has failed to cut costs in the past as a subsidized operation. In fact, parcel post is a money-losing venture for the Postal Service and all the packages in the world will not bail it out of its financially troubled waters.

To compete effectively for additional package volume now being handled by private carriers, the Postal Service will have to do it with efficiency and flexibility. A carte blanche subsidy of fourth-class mail is not the answer.

Lines 3 through 8 of subsection 3 on page 14 may just drive the Postal Service into a corner forcing it to face its problem of grossly deficient productivity. Its only way out will be the compelling necessity to develop a more efficient operation instead of increasing the quantity of packages processed in the quixotic hope that through sheer volume alone it can achieve efficiency and economy of operations.

Mr. EDWARDS of California. Mr. Chairman, I rise this afternoon to offer my support for H.R. 8603, the Postal Reorganization Act amendments. In 1970 the need for sweeping reforms in postal operations prompted the Congress to pass the Postal Reorganization Act. It was felt at that time that such important and far-reaching legislation would cure

many of the problems which burdened the old Post Office Department. However, as I am sure my colleagues have learned from their constituents, postal delivery service has continued to decline under the U.S. Postal Service.

The break-even concept embodied in the Postal Reorganization Act of 1970 has compelled the Postal Service to look upon itself as more of a business than a public service. However, the U.S. Mail is the most visible and pervasive public service which this Government renders to the American people. While taxes continue to rise and the public confidence in its government continues to decline, we must not allow the further erosion of this very basic and far-reaching service.

Under the presently proposed Postal Service regulations there is no option for providing door-to-door service in new residential or urban renewal areas. This limits the options to either curblane or cluster box delivery.

These mailboxes may be located as far from a residence as the length of a football field, creating considerable burdens for the aged and handicapped. In many areas local zoning ordinances do not allow curblane service due to environmental restrictions and problems with vandalism. In such areas the resident is forced to choose between collecting his mail at a cluster box down the street, at the nearest Post Office, or not at all.

The reaction to this situation in my own district has been one of outrage. In many cases the confusion over whether a new area would receive door or curblane delivery has resulted in no mail service at all. Both individuals and businesses have complained bitterly about the government's apparent inability to deliver their mail.

It is clear that the intent of the regulations proposed by the Postal Service would eliminate door-to-door delivery in all new residential areas throughout the country. This would be done without any consultation or advice as to the needs of the local community. In contrast, the delivery requirements of H.R. 8603 establish certain standards of distribution and involve local jurisdictions in some of the decisions regarding adequate mail delivery.

This provision of the bill was contributed by the outstanding freshman Congressman from San Jose, Mr. MINETA, and has received the careful consideration and endorsement of the House Committee on Post Office and Civil Service. The thrust of this language is to guarantee quality delivery service to the public while at the same time placing the decisionmaking process regarding local delivery where it should be—at the local level.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in support of the committee pro-

posal to limit subsidies that can be applied to parcel post.

This not only makes economic sense, but it is a humane response to the current jobless problem.

For many months now the Nation's workers have borne the unbearably heavy burden of high unemployment rates.

If huge subsidies are doled out to parcel post it would aggravate this problem—which certainly needs no aggravation.

Postal Service employees do not need parcel post subsidy to retain their jobs. They have a job guarantee written into their contract.

If parcel post volume decreases, nobody in the Postal Service gets dismissed.

But private package delivery companies cannot afford to guarantee jobs. When package volume dips, the number of jobs dips.

If parcel post is able to acquire additional package volume through use of subsidized rates, jobs will be lost by Teamsters and members of other unions who are employed by privately operated delivery firms.

I urge my colleagues to keep the curb on parcel post subsidy—and join me in the fight against unemployment.

Mr. DON H. CLAUSEN. Mr. Chairman, for almost 5 years now we have held a running debate over whether or not the delivery of mail should be treated as a service or a business. Our overall philosophy has been that the costs of mailing a letter should not deprive any person access to the mails, while at the same time, we have sought to eliminate a deficit which was costing all taxpayers millions of dollars every year. On the basis of promises that these goals could be achieved, the Congress passed the Postal Reorganization Act in 1971.

The results of this "quasi-governmental" venture have been disastrous. First class mail rates have continued to increase. There has been a virtual cessation of new door-to-door mail delivery service in residential areas and, concurrently, an insensitivity to the needs of older and partially handicapped citizens for this type of service.

These, among other results of the Reorganization Act, are certainly not encouraging signs of an "emerging business" and, quite frankly, I question whether an almost 300-percent increase in appropriations will correct the real problems which continue to plague the Postal Service.

With this in mind, I would like to comment on three provisions in this legislation which will go a long way in improving the quality of our mail delivery system.

First, by establishing certain standards of delivery—that is, by tying the Postal Service supplemental funding to door-to-door deliveries—we will be guarantee-

ing a high level of delivery service to the public, and at the same time giving local governments a voice in Postal Service decision. I hear frequently about the decline in the quality of mail delivery over the past few years and the decision by the Postal Service to end door-to-door service has hit our senior and handicapped citizens particularly hard.

The point must also be made that a good postal delivery service is dependent upon the high morale of those letter carriers and Postal Service personnel who have direct contact with the people for whom the mail service is provided. Based upon my correspondence, conversations, and personal contacts with my constituency, it is my opinion that the letter carriers and service personnel have a high degree of commitment and are conscientiously trying to improve the service. This provision, to tie supplemental funding to door-to-door delivery will better allow the people who really make up the post office to better serve the public, and will insure, to a greater degree, that the public gets what it pays for.

Second, it is high time parcel post rates start paying their own way and stop depending on first-class mail rates to cover their losses. The Postal Service has historically set low parcel post rates in order to undercut the costs of private firms. The difference between the cost to deliver these parcels and the price charged has been paid by higher first-class rates. The provisions of H.R. 8603 to prohibit a reduction of more than 10 percent in parcel post rates is a step in the right direction. Under the Postal Reorganization Act of 1971 each regular class of mail or type of mail service, including parcel post, is required to pay rates which cover those direct and indirect costs attributable to that class plus a portion of all other postal costs reasonably assignable. It is quite fair to say that parcel post has been getting an easy ride and this provision will begin to enforce the original intent of the law.

Finally, a cosponsor of legislation to insure continuation of second class mailing privileges to college catalogs, I am particularly pleased with the provision in H.R. 8603 making this rate mandatory. College bulletins are a public service and the revocation of second class mailing privileges would deny to our schools, who are on a shoestring budget as it is, the speed, reliability and economy that they must depend on to distribute information concerning their programs. The provision in H.R. 8603 insuring the continuation of this privilege to our colleges is recognition of the important service our colleges provide to our communities.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the Clerk will now read the committee amendment in

the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Postal Reorganization Act Amendments of 1975".

Sec. 2. Section 2401(b) of title 39, United States Code, is amended to read as follows:

"(b) (1) There is authorized to be appropriated to the Postal Service for the fiscal year ending June 30, 1976, and for each of the fiscal years ending September 30, 1977, 1978, and 1979, an amount equal to \$35 multiplied by the number of delivery addresses estimated by the Postal Service to be served during the fiscal year involved. There is authorized to be appropriated to the Postal Service for the period commencing July 1, 1976, and ending September 30, 1976, an amount equal to one-fourth the amount authorized under this subsection for the fiscal year ending June 30, 1976.

"(2) (A) The appropriations authorized in paragraph (1) shall be used to reimburse the Postal Service for the costs of maintaining a system which shall provide a maximum degree of effective and regular postal services throughout the Nation, and which is available to serve the entire public regardless of particular individual usage.

"(B) Except as provided in subparagraph (C), the Postal Service shall provide door delivery or curbside delivery to all permanent residential addresses (other than apartment building addresses). The Postal Service shall provide door delivery in any case in which the unit of general local government having jurisdiction over the address involved has adopted zoning ordinances in the interest of protecting the public safety which prohibit the construction or maintenance of any structure on the property adjacent to the curbside.

"(C) The Postal Service may provide cluster box delivery service for any permanent residential address in any case in which a unit of general local government having jurisdiction over such address specifically approves the provision of such cluster box delivery service.

"(3) Appropriations made under the authority of this subsection shall not be expended or utilized in such a manner as to effect a reduction of more than 10 percent in the applicable postal rates or fees established under chapter 36 of this title for zone-rated mail matter formerly entered under former chapter 67 of this title.

"(4) The levels of service described in paragraph (2) (B) and paragraph (2) (C) of this subsection shall be required to be provided only during any period for which the appropriations authorized under paragraph (1) of this subsection have been appropriated by the Congress.

"(5) The Postal Service, in requesting an amount to be appropriated under this subsection, shall present to the appropriate committee of the Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of this title."

Sec. 3. (a) Section 3601 of title 39, United States Code, is amended to read as follows:

"§ 3601. Establishment

"(a) The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more than 3 of the Commissioners may be adherents of the same political party.

"(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that such Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.

"(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.

"(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman."

(b) The provisions of section 3601(a) of title 39, United States Code, as amended by subsection (a), shall not apply with respect to any Commissioner of the Postal Rate Commission holding office on the date of the enactment of this Act, except that such provisions shall apply to any appointment of such a Commissioner occurring after the date of the enactment of this Act.

SEC. 4. Section 3604 of title 39, United States Code, is amended to read as follows: "§ 3604. Administration

"(a) The Chairman of the Postal Rate Commission shall be the principal executive officer of the Commission. The Chairman shall exercise or direct the exercise of all the executive and administrative functions of the Commission, including functions of the Commission with respect to (1) the appointment and supervision of personnel employed under the Commission, (2) the distribution of business among such personnel, and among the Commissioners, and (3) the use and expenditure of funds.

"(b) In carrying out any of his functions under this section, the Chairman shall be governed by the general policies of the Commission.

"(c) The Chairman may obtain such facilities and supplies as may be necessary to permit the Commission to carry out its functions. Any officer or employee appointed under this section shall be paid at rates of compensation, and shall be entitled to programs offering employee benefits, established under chapter 10 or chapter 12 of this title, as appropriate.

"(d)(1) Except as provided by paragraph (2), the provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate.

"(2) The provisions of the Budget and Accounting Act, 1921, relating to the preparation and presentation of budgets, and the provisions of any other Federal law relating to the preparation and presentation of budgets, shall apply to the Commission."

SEC. 5. Section 3624 of title 39, United States Code, as amended by section 7(a),

is amended by adding at the end thereof the following new subsection:

"(e) Any final action of the Commission under section 3622, 3623, 3661, or 3662 of this title shall be made by a vote of a majority of the Commissioners in office."

SEC. 6. (a) Section 3624(a) of title 39, United States Code, is amended to read as follows:

"(a) The Postal Rate Commission shall promptly consider any request made by the Postal Service under section 3622 or section 3623 of this title. In the course of such consideration, the Commission shall hold hearings and give reasonable public notice thereof, and shall afford reasonable opportunity for the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public, to be present, and to present data and arguments, at any such hearing."

(b) Section 3628 of title 39, United States Code, is amended by inserting immediately after the second sentence the following new sentence: "The standard of review established by section 706(2)(A) of title 5 shall apply with respect to any review made by the court under this section."

(c) The first sentence of section 3661(c) of title 39, United States Code, is amended to read as follows: "The Commission shall not issue its opinion on any proposal until an opportunity for a hearing is accorded interested parties, reasonable public notice is given thereof, and a reasonable opportunity is afforded interested parties, including an officer of the Commission who shall be required to represent the interests of the general public, to be present, and to present data and arguments, at any such hearing."

(d) The amendments made by the foregoing provisions of this section shall not affect any proceedings pending before the Postal Rate Commission on the date of the

enactment of this Act. Orders shall be issued in such proceedings and appeals shall be taken from such proceedings as if the amendments made by the foregoing provisions of this section had not been enacted. Orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed, through any action taken under title 39, United States Code, through action taken by a court of competent jurisdiction, or by operation of law.

SEC. 7. (a) Section 3624 of title 39, United States Code, is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

"(c)(1) Except as provided by paragraph (2), in any case in which the Postal Service makes a request under section 3622 of this title for a recommended decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services, or a request under section 3623(b) of this title for a recommended decision by the Commission on changes in the mail classification schedule, the Commission shall transmit its recommended decision to the Governors under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.

"(2) In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request made by the Postal Service under section

3622 or section 3623(b) by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) by one day for each day of such delay."

(b) The amendment made by subsection (a) shall not apply to any action or proceeding with respect to (1) the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, made on September 25, 1973, by the United States Postal Service in a request bearing Postal Rate Commission Docket Number R74-1; or (2) the recommended decision of the Commission relating to the proposed establishment of a mail classification schedule made on January 18, 1973, by the Postal Service in a request bearing Postal Rate Commission Docket Number MC73-1.

Sec. 3. (a) Section 3641 of title 39, United States Code, is amended to read as follows: "§ 3641. Temporary changes in rates and classes

"(a) In any case in which the Postal Rate Commission fails to transmit a recommended decision on a change in rates of postage or in fees for postal services, or on a change in the mail classification schedule, to the Governors in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage, in fees for postal services, or in the mail classification schedule, in accordance with the provisions of this section. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.

"(b) Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated income, including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.

"(c) The Postal Service may not establish any temporary rate for a class of mail or any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.

"(d) Any temporary change in rates of postage, in fees for postal services, or in the mail classification schedule made by the Postal Service under this section shall remain in effect no longer than 150 days after the date upon which the Commission transmits its recommended decision to the Governors under section 3624(d) of this title, unless such temporary change is terminated by the Governors before the expiration of such period."

(b) The amendment made by subsection (a) shall not apply to any action or proceeding with respect to (1) the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, made on September 25, 1973, by the United States Postal Service in a request bearing Postal Rate Commission Docket Number R74-1; or (2) the recommended decision of the Com-

mission relating to the proposed establishment of a mail classification schedule made on January 18, 1973, by the Postal Service in a request bearing Postal Rate Commission Docket Number MC73-1.

Sec. 9. Section 3622(b) of title 39, United States Code, is amended by striking out "and" at the end of paragraph (7), by redesignating paragraph (8) as paragraph (9), and by inserting immediately after paragraph (7) the following new paragraph:

"(8) the educational, cultural, scientific, and informational value to the recipient of mail matter; and".

Sec. 10. Section 3626 of title 39, United States Code, is amended by inserting "(a)" immediately before "If the rates" and by adding at the end thereof the following new subsections:

"(b)(1) For purposes of this title, the term 'periodical publications', as used in former section 4351 of this title, includes (A) any catalog or other course listing issued by any institution of higher education; and (B) any looseleaf page or report (including any index, instruction for filing, table, or sectional identifier which is an integral part of such report) which is designed for inclusion in any treaties or compilation.

"(2) Any material described in paragraph (1) shall qualify to be entered and mailed as second class mail in accordance with former section 4352 through former section 4357 of this title.

"(3) For purposes of this subsection, the term 'institution of higher education' has the meaning given it by section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

"(c) In the administration of this section a committee qualified for tax credit contributions under section 41(c)(1) (C) and (D) of the Internal Revenue Code shall be considered a qualified nonprofit organization under former sections 4452(d) and 4358(j) (2) of this title.

"(d) In the administration of this section, one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State shall be considered a publication of a qualified nonprofit organization which qualifies for rates of postage under former section 4358(d) of this title."

Sec. 11. (a) Chapter 4 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 413. Reporting requirements

"(a) The Postal Service shall keep the Postal Rate Commission fully and currently informed with respect to the operation of the Postal Service. The Postal Service shall furnish to the Commission information with respect to—

"(1) internal Postal Service management matters;

"(2) plans and policies of the Postal Service with respect to proposed changes in the nature of postal services; and

"(3) evaluations undertaken by or at the direction of the Postal Service with respect to the operation of the Postal Service.

"(b) The Postal Service shall furnish to the Postal Rate Commission any information which the Commission considers necessary or appropriate for the effective evaluation of the operation of the Postal Service."

(b) The table of sections for chapter 4 of

title 39, United States Code, is amended by adding at the end thereof the following new item:

"413. Reporting requirements."

Sec. 12. (a) Subchapter I of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 3605. Review and hearings

"(a) The Postal Rate Commission shall have the authority to initiate reviews and hearings with respect to the activities of the Board of Governors and the Postal Service under this chapter.

"(b) Any hearing initiated by the Postal Rate Commission under this section shall be in accordance with section 3624(a) of this title.

"(c) (1) The Postal Rate Commission may issue subpoenas, signed by the Chairman of the Commission, to compel the production of evidence and the testimony of witnesses with respect to any hearing held by the Commission under this chapter.

"(2) Any appropriate district court of the United States may, upon petition by the Commission, in case of refusal to obey a subpoena of the Commission issued under this subsection, issue an order requiring compliance with such subpoena. Any failure to obey such order may be punished by such district court as a contempt thereof."

(b) The table of sections for subchapter I of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new item:

"3605. Review and hearings."

Sec. 13. Section 3683 of title 93, United States Code, is amended by inserting "(a)" immediately before "Notwithstanding any other provision" and by adding at the end thereof the following new subsection:

"(b) The rates for mail matter specified in former section 4554(a)(1) or 4554(b)(2) (A) of this title, when mailed from a publisher or a distributor to a school, college, university, or library, shall be the rate currently in effect for such mail matter under the provisions of former section 4554(b)(1) of this title."

Sec. 14. (a) (1) Subject to the provisions of paragraph (2), the United States Postal Service may, after making a request under section 3622(a) of title 39, United States Code, for a recommended decision on changes in a rate or rates of postage or in a fee or fees for postal services, place into effect, upon 10 days' notice in the Federal Register, temporary changes in such rates or fees. Such changes shall be placed into effect in accordance with the provisions of subsections (b), (c), and (d) of section 3641 of such title, as amended by section 8 of this Act. The temporary rates authorized by this section shall not exceed 120 percent of the rates proposed as permanent rates by the United States Postal Service in its request to the Postal Rate Commission, dated September 25, 1973, for a recommended decision, bearing Docket Number R74-1, and shall be subject to the provisions of section 3626 of title 39, United States Code.

(2) The provision of paragraph (1) of this subsection shall apply only to the first request described in paragraph (1) made by the Postal Service on or after July 1, 1975.

(b) Except as provided by subsection (a) (1), any change in rates or fees made by the United States Postal Service under subsec-

tion (a) (1) shall be made without regard to any other provision of law.

Sec. 15. (a) (1) There is hereby established the Commission on Postal Service (hereinafter in this section referred to as the "Commission"). The Commission shall be composed of five members, to be selected as follows:

(A) Two appointed by the President of the United States, of whom one shall be appointed as Chairman;

(B) one appointed by the President pro tempore of the Senate;

(C) one appointed by the Speaker of the House of Representatives; and

(D) one appointed by the Postmaster General.

(2) The members of the Commission shall be appointed within 30 days following the date of the enactment of this Act.

(3) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(b) (1) The Commission shall identify and study the public service aspects of the United States Postal Service and shall recommend to what extent and by what means such aspects may be defined and costs thereof reasonably estimated. The Commission shall also identify, insofar as practicable, any difference between—

(A) the costs that the Postal Service should reasonably be expected to incur in providing postal services in accordance with the policies of title 39, United States Code; and

(B) the revenues that the Postal Service may reasonably be expected to receive from rates and fees for postal services, with due consideration that demands for postal services may be reflected by changes in the levels of such rates and fees.

(2) The Commission shall determine the extent to which the public service aspects of the Postal Service shall be supported by appropriations. The Commission shall recommend such a plan with due consideration being given to—

(A) the economic and social benefits of the postal system to the user and recipient of the mail;

(B) the relative economic ability of the users of various classes of mail to absorb the costs of the postal system;

(C) the extent to which the costs of maintaining a system which would provide a reasonable degree of regular postal services to the entire public without regard to individual usage, and the degree to which such costs should be borne by the public generally rather than by mail users in particular;

(D) the relative economic and social benefits of other uses of private and public funds; and

(E) the need of the Postal Service for adequate and dependable funding and for systematic planning and ratemaking to provide efficient and economical postal services in accordance with the policies of title 39, United States Code.

(c) (1) The Commission shall study the ratemaking procedures established under title 39, United States Code, particularly the functions and responsibilities of the Postal Rate Commission, and shall develop recommendations for more expeditious and economical procedures that are responsive to the needs of the Postal Service and the pub-

lie. If the Commission recommends the abolition of the Postal Rate Commission, the Commission shall further recommend a method of assuring that changes in postal rates shall be reviewed independently outside the Postal Service. The Commission shall consider a system in which changes in postal rates shall not exceed changes in consumer prices unless greater changes are approved by a body independent of the Postal Service.

(2) In reviewing postal ratemaking procedures pursuant to paragraph (1) of this subsection, the Commission shall study the reasonableness and adequacy of the ratemaking criteria established by section 3622 (b) of title 39, United States Code. The study shall address the desirability of a statutory requirement that cost attributions to particular classes of mail or types of mail service shall be based on the proportionate variability of mail volume.

(d) The Commission shall study the causes of the increases in postal costs that have occurred since the enactment of the Postal Reorganization Act. The Commission shall consider and report on the desirability of instituting additional statutory or administrative systems for reviewing and controlling postal costs or of changing the system currently established under title 39, United States Code.

(e) (1) For purposes of carrying out its functions under this section, the Commission may sit and act at such times and places and receive such evidence and testimony as it considers advisable.

(2) The Commission may secure directly from any department or agency of the United States information and assistance necessary to carry out its duties under this section. Each department or agency is authorized and directed, to the extent permitted by law and within the limits of available funds, to furnish information and assistance to the Commission.

(3) When so authorized by the Commission, any member or agent of the Commission may take any action which the Commission is authorized to take by this section.

(4) All meetings, hearings, conferences, or other proceedings of the Commission shall be open to the chairmen of the appropriate committees of the Congress or their designees and reasonable notice of such meetings or hearings shall be given to such chairmen or their designees.

(f) (1) Except as provided in paragraph (2), members of the Commission each shall receive as compensation the daily equivalent of the annual rate of basic pay in effect for grade GS-18 for each day (including travel-time) during which they are engaged in the actual performance of duties vested in the Commission.

(2) Members of the Commission who are full-time officers or employees of the United States shall receive no additional pay on account of their service on the Commission.

(3) While away from their homes or regular places of business in the performance of service for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

(g) The Commission may appoint and fix

the compensation of such personnel as it considers advisable without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and such personnel may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at a rate not to exceed the maximum rate authorized by the General Schedule. The Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for the maximum rate authorized by the General Schedule.

(h) (1) The Commission shall transmit to the President and to each House of Congress detailed interim progress reports four times annually, and a final report containing a detailed statement of its findings and recommendations, together with any individual

views, within two years after the date of the enactment of this Act.

(2) The Commission shall not be required to obtain the clearance of any Federal agency before the transmittal of its report.

(i) The Commission shall cease to exist sixty days after the transmission of its report under subsection (h) and all offices and employment under it shall then expire.

(j) There is authorized to be appropriated to the Postal Service Fund established under section 2003 of title 39, United States Code, without fiscal year limitation, such sums as may be necessary to carry out the provisions of this section. Expenses incurred by the Commission shall be paid out of the Postal Service Fund.

Mr. HANLEY (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

TECHNICAL AMENDMENTS OFFERED BY
MR. HANLEY

Mr. HANLEY. Mr. Chairman, I offer a series of technical amendments.

The Clerk read as follows:

Technical amendments offered by Mr. HANLEY: Page 13, line 8, insert "of this subsection" immediately after "(1)".

Page 13, line 13, insert "of this paragraph" immediately after "subparagraph (C)".

Page 17, line 7, insert "of this Act" immediately after "section 7(a)".

Page 19, line 3, insert "of this subsection" immediately after "paragraph (2)".

Page 19, line 20, insert "of this subsection" immediately after "paragraph (1)".

Page 20, line 1, strike out "made on September 25, 1973" and insert in lieu thereof "requested on September 18, 1975".

Page 20, line 3, strike out "R74-1" and insert in lieu thereof "R76-1".

Page 21, line 17, insert "of this section" immediately after "subsection (a)".

Page 21, line 21, strike out "made on Sep-

tember 25, 1973" and insert in lieu thereof "requested on September 18, 1975".

Page 21, line 23, strike out "R74-1" and insert in lieu thereof "R76-1".

Page 21, line 25, strike out "made" and insert in lieu thereof "requested".

Page 22, line 14, insert "the" immediately after "For".

Page 22, line 22, insert "of this subsection" immediately after "paragraph (1)".

Page 22, line 24, insert "the applicable provisions of" immediately after "with".

Page 26, line 2, insert "of this subsection" immediately after "(2)".

Page 26, line 20, insert "of this section" immediately after "subsection (a) (1)".

Page 26, line 22, insert "such" immediately after "under".

On page 29, line 22, strike out the word "that" and insert in lieu thereof the word "for".

On page 29, line 23, strike out "shall be based on the proportionate variability of mail volume".

Mr. HANLEY (during the reading). Mr. Chairman, I ask unanimous consent that the technical amendments be considered en bloc and, further, that they be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Chairman, I object. I think they should be read and we should know what they are.

The CHAIRMAN. Objection is heard. (The Clerk continued to read the technical amendments.)

Mr. HANLEY (during the reading). Mr. Chairman, I ask unanimous consent that the technical amendments be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard. (The Clerk concluded the reading of the technical amendments.)

The CHAIRMAN. Is there objection to the request of the gentleman from New York (Mr. HANLEY) that the amendments be considered en bloc?

There was no objection.

The question is on the amendments offered by the gentleman from New York.

The amendments were agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: Strike out section 2 in its entirety and redesignate the succeeding sections accordingly.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, unlike the amendments that were just accepted en bloc, my amendment is a bit less technical, and it deals with substantial figures. I think it is equally deserving of immediate and unanimous acceptance. However, not expecting that kind of response, let me give the Members my arguments for the amendment.

Mr. Chairman, the effect of my amendment is simple. It would retain the present law which authorizes an annual appropriation to the Postal Service of \$920 million as a reimbursement for public service costs incurred.

In contrast, section 2 of the reported bill would almost triple this appropriation authorization under a very imprecise formula that would give the Postal Service an amount equal to \$35 times the number of delivery addresses estimated to be served during the fiscal year involved.

Using one estimate of 74 million delivery addresses provided by the Postal Service, this would mean a public service subsidy of \$2.6 billion for fiscal year 1976. Unfortunately, the term "delivery address" is not defined by the legislation, and there are conflicting estimates of the number within the Postal Service itself. One unofficial Postal Service estimate ranges as high as 85 million.

Obviously, the number of delivery addresses could fluctuate wildly from year to year, and the Congress would be at the mercy of the Postal Service's estimates in calculating the amount of subsidy authorized by this legislation. This is a poor way to treat the taxpayers' money.

Mr. Chairman, it should also be pointed out that the U.S. Postal Service has already received its appropriation for fiscal year 1976 in the amount of \$1.58 billion. This money was appropriated under Public Law 94-91 and covers appropriations for public service and revenue foregone. If the Congress were to enact the legislation before us, it would mean an additional subsidy for fiscal year 1976 in the amount of \$2.6 billion, making the grand total \$4.18 billion for the year. I honestly do not believe a postal subsidy of this magnitude can be justified.

To sum up, all my amendment does, by striking this section of the bill, is this: It retains the present law which provides for an annual appropriation to the Postal Service of \$920 million as reimbursement for Postal Service costs. May I add that the Postal Service already has that \$920 million. It is an automatic appropriation draw.

In contrast, section 2 of the bill, the section which I propose to strike, would almost triple that appropriation. That is the figure, according to the debate that took place earlier in the discussion between the gentleman from California (Mr. ROUSSELOT) and the gentleman

from Washington (Mr. ADAMS). The formula would be to provide \$35 for a number of delivery stops which are presently estimated at somewhere over 74 million.

Now, it is one thing to debate delivery; it is another thing then to look at the cost figure.

Mr. Chairman, I would like to stress this point. Basically what we would be doing is this: If we add to the public service appropriation the revenue foregone and a figure of \$59 million for transitional costs from the postal department to the Postal Service, we are speaking of a basic subsidy of the Postal Service of \$1.6 billion. If we add an additional \$2.6 billion, which would be the figure in the first year if this amendment of section 2 prevails, later on it would come down to approximately \$1.7 million. But we are talking about an immediate budgetary impact of \$2.6 billion and then approximately \$1.7 billion for the next 3 years.

If there is one thing we do not want to do, it is to give any department or agency of Government money that they do not want. The Postal Service has not requested this degree of subsidy.

In the years I have served in Congress I can rarely recall a situation where the Congress has been so generous that we forced money on a department or agency that it was not seeking, much less on a department or agency that is as controversial as the Postal Service is. I think it is not wise for us to suddenly say, as many Members seem to be saying, that "We do not like your service. You are not giving the public the service they expect, but we are going to reward you with a \$2.6 billion subsidy to further expand an ineffective service." The contradictions are obvious.

Let me just sum up by pointing out the budgetary impact. Let me reemphasize the point that the Postal Service has received \$920 million a year. That is an automatic, annual appropriation. In addition, for the present fiscal year they are to receive \$603 million in revenue foregone and \$59 million in transitional costs. That comes to exactly \$1 billion 582 million.

All I am saying is that if the Members will support my amendment, we will limit the subsidy to the Postal Service to that figure, \$1 billion 582 million. If the Members do not accept my amendment, we will be providing the Postal Service with an unrequested subsidy of an additional \$2.6 billion.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, I am most interested in voting with my colleague on the matter of a subsidy, but I am just wondering about one thing as a

matter of interest. I confess I am not an expert on this bill.

I am referring to section 3 on page 14. That would not be a subsidy, would it? That section is there to prevent the subsidization within the Postal Service of parcel post.

Does the gentleman endeavor by his amendment to strike that out?

Mr. DERWINSKI. No, no. I am striking section 2 of the bill. I think the gentleman is looking at an amendment that was added in committee to section 3.

Let me say as to the parcel post rates that the provision has existed for many years that the parcel post rates are approximately at a break-even figure. However, we are speaking of subsidies. We are speaking basically of second- and third-class rate revenue foregone.

Mr. Chairman, I urge adoption of my amendment.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment.

(Mr. HANLEY asked and was given permission to revise and extend his remarks.)

Mr. HANLEY. Mr. Chairman, I remind the Members that in the event the Derwinski amendment should be adopted, it is going to produce two rather dramatic results. It is going to produce a drastic cutback in postal service. It could also have the effect of expanding upon the amount of the already proposed great increase. It could produce both.

We are talking again about subsidies to the U.S. Postal Service. This particular entity has to endure the stigma of subsidy, whereas all other agencies of Government apparently enjoy the status of appropriation.

We are talking in this bill of about \$1.7 billion by way of an appropriation to a service that touches every American citizen. For what it is worth, the budget of the Department of Agriculture exceeds the "subsidy" of the USPS by five times. Yet, there are not any people or few people who tend to shoot holes through it. By the same token, that is so with respect. Therefore, pray tell, what is so bad about to all other agencies of Government. the U.S. Postal Service?

The gentleman says, "Strike the entire subsidy."

The Postmaster General has decreed that unless he has an additional \$920 million, at least, the fiscal condition of that entity is going to worsen. As I look at the matter, it is going to be on a collision course with bankruptcy.

I have related it to other problems, such as the declining volume of mail. For instance, the Social Security Administration is rapidly moving in the direction of electronic transfer of benefits. It is perhaps the largest customer of the USPS: 30 million checks times 10 cents a month.

The goal of the Social Security Administration is to reduce that postal bill down to about 5 percent of its present bill, so that beneficiaries' benefits will be deposited electronically in each beneficiary's own neighborhood bank.

So be it with the banking industry, which is moving rapidly in the direction of electronic transfer; and so be it with the insurance industry, all of which are going to place their mark on the ability of the USPS to function as it has traditionally functioned.

Therefore, Mr. Chairman, to those who say, "Defeat this subsidy," I ask them what their alternative is. How does the Postmaster General offset the increased cost of gasoline? I have already mentioned that for every single penny in the increased cost of gasoline, that relates to an add-on of \$3.5 million.

Where does he get this money? Does it float down out of the heavens? I think we know that it does not.

It is ironic that I, as a Democrat, and my colleagues are fighting a cause that should be fought by the Republican Party. The Reorganization Act was a product of the previous administration. For what it is worth, the top administrators of this entity happen to be products of this administration.

You are the people who should be up here expounding as we are. Unfortunately you take this attitude without producing anything in the way of an alternative whereby that entity might survive, whereby that entity might continue to be the chief artery of commerce, but there are no answers.

Perhaps we should let it go down the tube, and let it go into bankruptcy. Then politically look back and say, well, that is another achievement of that administration, the bankruptcy of the U.S. Postal Service.

We have tried very hard to be objective. We have tried very hard to be statesmen. We have tried very hard to work with each of the Postmaster Generals in an effort to get the institution on the track. Now we have to engage in this sort of colloquy as though we were doing something for ourselves.

What we are doing is recognizing the responsibility that we have as members of this committee.

Should the measure go into defeat then the President is going to have to act later on, should that entity, resulting from a defeat here today, go into bankruptcy, then let the President act.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. HANLEY was allowed to proceed for 1 additional minute.)

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Illinois.

Mr. CRANE. Mr. Chairman, I thank my colleague for yielding to me.

Let me say, in response to the question of what is the alternative, that back on the evening of the great debate and the dazzling performances of the gentleman from Arizona (Mr. UDALL) and my colleague the gentleman from Illinois (Mr. DERWINSKI) in creating this corporation here on the floor, I suggested that an alternative might be to strike down the private express statutes and permit private competition to relieve the Post Office of some of its burden.

The newly created corporation did an in-house study, as the gentleman will recall, on my proposal which was made a provision of that legislation. Unfortunately, they rejected the idea. But, as a matter of fact, that is the answer as one alternative, I would suggest to my good friend the gentleman from New York.

Mr. HANLEY. I do recall the gentleman's proposal and I do appreciate the gentleman's attitude toward it. But, let me ask the gentleman, is such a private enterprise going to assume the obligation for the distribution of mail throughout America in all the underpopulated sections of America? Is it willing to go into the hamlets of Georgia, Arizona, and Tennessee, and is it going to provide there the same sort of service that it is more than willing to provide in the heavily populated areas? The answer is no, it will not do that.

That being the case with the American taxpayers, talking about a lot of money here, God help us then because we would be talking about an awful lot of money in attempting to serve every nook and corner of America should the private express statute no longer be continued by the U.S. Postal Service.

Mr. CRANE. Mr. Chairman, if the gentleman will yield further, the United Parcel Service is serving those smaller hamlets the gentleman refers to in the carriage of fourth class mail.

Second, with regard to the service to these areas the gentleman has referred to, there is no danger insofar as they are concerned. The independent post office corporation would continue to serve them since their burden would be greatly lightened. Simultaneously, private carriers would be delivering letters more efficiently at a lower cost, and they would be paying taxes to the U.S. Government to help underwrite the subsidies paid to the present post office corporation.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, I would like to respond to my good colleague, the gentleman from New York (Mr. HANLEY), because I know the gentleman is most sincere on some of the points he is attempting to make to the House.

First, the gentleman is absolutely correct that the Post Office does in fact touch every single American. There is not one Member of this Congress who does not realize that because they all have had a substantial number of complaints from constituents since we put through the Postal Reorganization Act. Because all the promises that were made by the proponents for that bill have clearly not been justified. We are seeing attempts to gloss over this lack of performance. As a matter of fact, the Postal Service has gone the other way in many cases.

So the claim that we as Members of Congress have no ability to make a judgment on some of these matters because we do not realize it touches every American is wrong. We know that only too well. The reason we know it full well is because the Postal Service has not done a proper job in many areas.

No. 2, the argument that the Postal Service is going to go down the tube if we do not pass on an extra subsidy is balmy and nonrational. We are talking about a differential here of about \$1,700,000,000 that my two colleagues are trying to clear out of this bill. The chairman of the Budget Committee says that in their judgment it will cause an unnecessary add-on deficit. The Postmaster General has not requested this kind of add-on deficit. There is still a subsidy left if the amendment of my colleague, the gentlemen from Illinois or Arkansas, prevail—and I hope they will. So there is no attempt to put the Post Office out of business with either of the amendments.

Again I wish to refresh the memory of my colleague from New York that there is still almost \$12 billion of cash flow, which includes the \$920 million deficit financing which the Post Office said they would eliminate if we gave them the power to reorganize the whole service in 1970. The gentleman knows that. He was one of the advocates of the bill.

Another argument that my colleague raises is that there are people beginning to use other services, and that is certainly true. My colleague knows full well that the Federal Government itself is now using United Parcel Service in many parts of the country, not because the United Parcel Service is unable to serve the rural areas, the remote areas, but because it serves them better in many areas than the Postal Service. There is the proof from my colleague that when given the opportunity, the private sector will provide as good service at better rates and at less cost.

On the issue of delivery of social security checks, if social security is successful in achieving the kind of delivery sys-

tem to the social security recipients that it hopes to achieve through electronic transfer service, by a more direct, efficient method, that is even a greater argument that we not allow more bloated deficit financing. EFTS will cause a reduction in the amount of demand on the Postal Service. It will be a reduction in cost, a substantial reduction in cost. So why at this time increase the deficit in the name of "saving the Service," when its very services the gentleman acknowledges are soon to be reduced by more efficient means?

One of the complaints by this Congress has been of the publications that do not "pay their way." So we have over a 10-year period, and the Postal Service has, asked that those costs of postage be increased. Many of those publications are now going to private delivery systems because they can do it cheaper, so that burden of delivery is being taken from the Postal Service.

Reader's Digest is now in the process of going to private delivery because they have found a way to do it at less cost and with better service. So is the Wall Street Journal. So, again, those add-on costs are being reduced, so the major excuse to have a greater deficit has been eliminated.

My answer to my colleague is if he is concerned about what the private sector will do in its willingness to serve the "remote areas or the nonurban areas," the Congress can assure that private carriers serve the whole country or the whole region which they are planning to serve. In the same manner in which the post office is required to do so.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. HANLEY, and by unanimous consent, Mr. ROUSSELOT was allowed to proceed for 1 additional minute.)

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. Yes, I will yield to my colleagues.

Mr. HANLEY. I thank the gentleman for yielding.

Just to clarify one very important point, the gentleman has said that the Postmaster General has not asked. In fact, the Postmaster General has asked that the present \$920 million be doubled. He has asked for an amount just short of \$1 billion. I want to make that point.

Mr. ROUSSELOT. But nowhere near the kind of deficit that the gentleman from New York and some of his colleagues are now asking us to add to this Federal deficit. The gentleman from Washington has performed correctly as chairman of the Budget Committee, by coming to us today and saying this clearly will be an unnecessary add-on deficit.

I hope that the gentleman from New

York will see fit to support my colleague, the gentleman from Illinois or Arkansas in their amendments because they are reasonable. It puts the bill in better perspective and I hope my colleague will support it.

Mr. HANLEY. Because I am concerned about the quality of the mail service, I cannot support the gentleman's amendment and I would hope the membership of the House will not support it either.

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. GIBBONS. Mr. Chairman, I move to strike the last word and I rise in support of the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) and probably I will be in favor of the amendment which will be offered by the gentleman from Arkansas (Mr. ALEXANDER) too, and I do it with a great deal of reluctance because I have a great deal of personal respect for all members of the committee dealing with this matter, particularly the chairman of the subcommittee, the gentleman from New York (Mr. HANLEY).

But this week could go down in American history as one in which we finally faced up to the dilemma we have. This week is going to face "Murderers' Row." Unless the Derwinski amendment is agreed to here now we will increase the deficit for 1976 by \$1.7 billion. That is almost \$2 billion.

We next will face the 5-percent versus 8-percent increase in salaries for Members of Congress and for Federal employees. That is another large item that will increase the budget deficit.

Then we will face an appropriations bill from the Appropriations Committee dealing with the armed services, which is substantially over the target that the Congress set for military spending for this year.

So we are up against it. This is the moment of truth. We have got to start holding the line somewhere and this is the logical place to start. The amendment offered by the gentleman from Illinois (Mr. DERWINSKI) is a logical amendment.

The figures I have on this show that the President requested for this year \$1,490 billion as an appropriation for the Postal Service. During the budget process in the budget resolution the Congress thought that was not enough, so we upped it by another \$200 million, bringing in a budget target of \$1,690 billion. But the Post Office and Civil Service Committee has completely outdone us. They are bringing in a budget of \$3,390,000,000. That will kick us \$1,700,000,000 over the amount that the Congress agreed to earlier this year.

leagues: We simply cannot tolerate that I know there are problems with the Postal Service and I know there are

problems with every service the Government performs. But I say to my colleague of rapid escalation of our debt.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Washington.

Mr. ADAMS. I will not repeat the remarks I made in the general debate but I simply want to state I agree with the analysis that has been made by the gentleman in the well, who is a member of the Budget Committee, who is using our early warning reports.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, as I said earlier today we have full appreciation for the gentlemen on the Budget Committee and we recognize their efforts to be putting forth a plan hopefully but it must be contingent on what else might arise that year. How does one foresee emergencies? For instance, as someone mentioned earlier here today, how does one foresee the Sinai arrangement which will add about \$4 billion?

Mr. GIBBONS. The gentleman is bringing up points I would like to elaborate on. What he is saying is that, yes, we are going to have a horrendous deficit this year. We have to worry about it. What the gentleman is saying is exactly what I am saying. This week brings us to the moment of truth, and this is the hour of truth.

Unless we begin to hold the line some place, we are going to have budget deficits that are so large that it could wreck the recovery that we hope is going on now.

Let me point out where we stand on the budget deficits, if I may. In 1974, we had a \$3.5 billion deficit. In 1975, we had about a \$35 billion deficit. With the President submitting his budget the first of this year, he was predicting a \$51 billion, almost \$52 billion deficit. He had to revise these figures in mid-term because the economy has been in such bad shape, to about \$60 billion.

The Congress went even further than that and said, "Oh, no, it is not going to be \$60 billion, it is going to be \$68 billion or \$69 billion." Gentlemen, this committee request is \$1.7 billion over that.

The CHAIRMAN. The time of the gentleman from Florida has expired.

(By unanimous consent, Mr. GIBBONS was allowed to proceed for an additional 2 minutes.)

Mr. GIBBONS. Mr. Chairman, this is \$1.7 billion over the \$69 billion which we set up, which is by far the largest peacetime deficit we have ever had. We know that we have many more things coming down the road that are going

to kick this deficit even higher than the \$69 billion that has been projected, and this is just one of the things. This bill today will increase the deficit by \$1.7 billion over the \$69 billion deficit by itself.

Gentlemen, poor as the mail service has been, we just cannot afford this kind of additional expenditure. We are going to have to cut back on military expenditures. We are going to have to cut back on a lot of other things and we might as well start right here and now; so I support the Derwinski amendment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, there is also one method of financing the Postal Service has available that many agencies do not and that is a bonding capability. So if the Postal Service has any dire emergencies that my colleagues tell me they will have, they have at least some bonding capability that other agencies do not have.

Now, this discipline that the gentleman is recommending is highly critical to the Congress. We must vote on this issue, because we will be saying to our constituents back home that we are going to demand that the Post Office live within its cash flow, which is more than adequate, that is 11 billion plus dollars.

I appreciate the comments of my colleague.

AMENDMENT OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. ALEXANDER: Page 12, strike out line 20 and all that follows through page 13, line 6, and insert in lieu thereof the following:

Sec. 2. (a) (1) Section 2401(a) of title 39, United States Code, is amended to read as follows:

"(a) (1) There are authorized to be appropriated to the Postal Service for the fiscal year ending June 30, 1976, such sums as may be necessary to enable the Postal Service to carry out the purposes, functions, and powers authorized by this title.

"(2) The Postal Service, in requesting amounts to be appropriated under this subsection, shall present to the appropriate committees of the Congress a statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds to be appropriated for the operation of the Postal Service.

"(3) All revenues and fees collected by the Postal Service shall be deposited in the general fund of the Treasury of the United States."

(2) Section 2003(b) (1) of such title is amended to read as follows:

"(1) amounts appropriated pursuant to the authorization made by section 2401(a) (1) of this title;"

(3) Section 2003 (b) (3) of such title is

amended by inserting "in addition to amounts appropriated pursuant to the authorization made by section 2401(a) (1) of this title" immediately after "Postal Service".

(4) Section 4(b) of the Postal Reorganization Act (Public Law 91-375; 84 Stat. 774) is amended by striking out "Postal Service" and inserting in lieu thereof "United States, and shall be deposited in the general fund of the Treasury of the United States in accordance with section 2401(a) (3) of title 39, United States Code, as added by the Postal Reorganization Act Amendments of 1975".

(b) Section 2401(b) of title 39, United States Code, is amended to read as follows:

"(b) (1) There are authorized to be appropriated to the Postal Service such sums as may be necessary as reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere.

Page 14, immediately after line 18, insert the following new subsection:

(c) (1) Section 3621 of title 39, United States Code, in amended by striking out "income" and inserting in lieu thereof "revenue".

(2) Section 3625(d) of such title is amended by striking out "income" and inserting in lieu thereof "revenue".

Mr. ALEXANDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HANELY. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from New York reserves a point of order against the amendment.

The gentleman from Arkansas (Mr. ALEXANDER) is recognized for 5 minutes in support of his amendment.

Mr. ALEXANDER. Mr. Chairman, the amendment which I offer is an amendment that would simply require the Postal Service to come before the Congress each year for authorization and appropriation of its total budget request, and further provides that its revenues go into the General Treasury of the United States. The Postal Reorganization Act created a situation with respect to the Postal Service that is unique throughout the Federal Govern-

ment. In it we have a major Federal agency created by Congress, the second largest employer of Federal employees, spending huge sums of taxpayers' money, performing a vital Government service without which the country could not exist; yet, incredibly, not having any of its top management personnel accountable in any way to the people or to their elected representatives.

My amendment to this bill restores accountability of the U.S. Postal Service

to the people by requiring the Postal Service to come to Congress each year for authorization and for appropriation of its budget. Its revenues, in turn, would go into the general fund of the Treasury.

This amendment does not in any way abolish the Postal Service, nor will it get the Congress back into the business of hiring postmasters or being involved in the day-to-day operations of that service.

When we abolished the Post Office Department in favor of an independent and free of politics Postal Service in 1970, we did so with great expectations that the Postal Service would achieve businesslike efficiency and be a paying proposition. However, we have learned in the past 5 years that the Postal Service cannot make it on its own. The committee report acknowledges this failure as the result of poor management. Mail service is a vital part of the communications and commercial network in this country, and merits sufficient appropriations for its operation.

What I do not accept is the performance of the top management of the Postal Service for the past 5 years. The postal deficit continues to increase and is expected to reach \$1 billion next year.

While I recognize that an increasing volume of mail and rising energy and labor costs have contributed to this deficit, top management, through insensitivity and faulty policymaking, has failed to meet its responsibilities in holding down the postal deficit, and at the same time the quality of mail service has deteriorated.

By making these postal managers and their decisions more responsive to the needs and will of the American people through their elected representatives, we can jog the memory of the Postal Service periodically as to its chief function, that of providing the best possible service at the least possible cost to the American taxpayers.

Mr. Chairman, I urge support for the adoption of this amendment.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, in part I agree with what the gentleman says. Going back to the original act, we at that time understood—and anyone who thought differently was kidding himself—that this Postal Service would never be self-supporting. They sold a bill of goods to the business community in this country and to the employees of the Postal Service at that time.

There were some of us—unfortunately, too few of us—who voted against that

bill. But, coming back to the gentleman's amendment at this particular time, what he is saying is that the Congress will appropriate every year the entire sum of money that it will take to run the Post Office Department. In other words, we would put it back where it was before the reorganization bill as far as financing is concerned.

But I ask the gentleman, how can I vote that way when my constituents who have a complaint against the Postal Service come to me, and I pass that complaint on to the Postal Service just to have them tell me to go back to my office, that it is none of my business and they are going to run the Postal Service just as they wish. In other words, they do not even pay attention to my constituents, and I am now going to be called upon to appropriate the money belonging to my constituents to an outfit that is not responsive to them at all.

Mr. ALEXANDER. If I might answer the gentleman's question, the Postal Service is insulated from the representatives of the people of this country because of its so-called independent status. This amendment would require the Postal Service to come to Congress annually for its authorization and its appropriation, during which process the gentleman and the rest of the Members would have an opportunity to examine it as to its policy.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. KAZEN, and by unanimous consent, Mr. ALEXANDER was allowed to proceed for 1 additional minute.)

Mr. ALEXANDER. Mr. Chairman, this is the only way that we can insure that the postal management would be responsive to the will of this Congress without going back and abolishing the Postal Service and recreating a U.S. Post Office Department.

Mr. KAZEN. Mr. Chairman, if the gentleman will yield further, let me ask the gentleman this: What would happen to the deficit already created by this Postal Service? Who will pick that up?

Mr. ALEXANDER. It will not necessarily be picked up by this Congress. The Congress could hypothesize that efficient policies may be instituted by the Postal Service and the deficit could be conceivably wiped out.

Part of the reason for the deficit is waste, inefficiency and poor management. And what the gentleman and I both disagreed with most violently is the fact that they can go on and ignore good business practice under the guise of efficiency and send us the bill every year or two years when they run out of money.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from New York (Mr. HANLEY) desire to be heard on a point of order?

Mr. HANLEY. Mr. Chairman, I make the point of order that the amendment is not germane to the bill.

The CHAIRMAN. The Chair would like to hear the argument of the gentleman from New York (Mr. HANLEY) as to the germaneness of the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

Mr. HANLEY. Mr. Chairman, I raise the point of order on the grounds that the matter contained in the amendment is in violation of clause 7, rule XVI of the rules of the House, which provides in part that—

No motion or proposition on a subject different from that under consideration, shall be admitted under color of amendment.

The bill under consideration, H.R. 8603, is narrow in scope since it relates only to the following specific subject matters.

First, it provides authorization for increased public service appropriations by changing the statutory formula currently in existence.

Second, it would limit the amount of the next temporary rate increase and would establish new procedures and limitations for the implementation of other future temporary postal rates.

Third, it would amend the law with respect to the Postal Rate Commission by changing its procedures to expedite rate and classification cases; by subjecting the Commissioners to Senate confirmation; and by expanding the powers of the Chairman in administering the Commission.

Fourth, it contains provisions resulting in preferred rates of postage for a limited number of publications.

Finally, it establishes a Study Commission to review, among other things, public service aspects of and the resultant costs incurred by the Postal Service.

Under the House rules, while a committee may report a bill embracing several subject areas, such as in H.R. 8603, it is not in order to introduce a new subject area by way of amendment. In order for an amendment to be germane, the purpose of the amendment must be related to the purpose of the bill under consideration and must not expand the scope of the matter under consideration.

Under existing law, the Postal Service, except for its public service and revenue foregone appropriations, is not within the budgetary process usual to all other Government agencies. It, under law, retains all its revenues from fees, postage, and the like.

The instant amendment would, in effect, repeal the budgetary independence of the Postal Service, placing it in the same category as all other Federal agen-

cies. It would completely change the fiscal status of the Postal Service—an area which is wholly outside the purpose and scope of H.R. 8603.

It is for this reason I believe the amendment to be not germane and, in my opinion, my point of order should be sustained.

The CHAIRMAN. Does the gentleman from Arkansas (Mr. ALEXANDER) desire to be heard on the point of order?

Mr. ALEXANDER. Briefly, Mr. Chairman.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. ALEXANDER. Mr. Chairman, the amendment is general in nature, and it is specifically relevant to the proposition which is before this House, namely, section 2 of the Postal Reorganization Act of 1975. I would refer to a precedent of the House on July 12, 1973, in which case the Committee of the Whole has previously held this same specific amendment to be germane to this issue.

The CHAIRMAN (Mr. FLOWERS). The Chair is prepared to rule.

The gentleman from New York (Mr. HANLEY) has made a point of order to the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER) to section 2 of the bill. The gentleman's point of order relates, in the Chair's judgment, primarily to the germaneness based upon the scope of the gentleman's amendment and as it relates to the scope of the bill, which bill is open to amendment at any point.

The amendment offered by the gentleman from Arkansas (Mr. ALEXANDER) actually amends section 2(a) of the bill, although section 2(a) of the Postal Act is not amended in the bill before the Committee here this afternoon.

The Chair notes, however, as conceded by the chairman of the subcommittee there are several enumerated purposes which touch upon many different ramifications and aspects of the postal law. These purposes are diverse in nature.

Since all of the bill is before the Committee at this point, the Chair, reluctantly comes to the conclusion that the position of the gentleman from New York (Mr. HANLEY) in his point of order is not well founded and, therefore, the Chair must overrule the point of order made by the gentleman from New York.

Mr. ALEXANDER. Mr. Chairman, I ask for the adoption of my amendment.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I oppose the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER), and I do so reluctantly, in recognition of his deep concern about this subject matter.

However, the effect of the amendment would produce tremendous ramifications. We have had nothing in the way of hear-

ings on this matter. The ramifications would be of long run and would certainly destroy the intent of an independent Postal Service as we know it within the framework of the U.S. Postal Service bill, the Reorganization Act of 1970.

So in effect the result would provide this sort of ramification. I think it quite unfair to deal with a measure of this sort by an amendment of this type, with nothing in the way of previous hearings. This would have the effect of pulling the rug effectively out from under the Reorganization Act of 1970.

Mr. MINETA. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MINETA asked and was given permission to revise and extend his remarks.)

Mr. MINETA. Mr. Chairman, I rise in opposition to the Derwinski amendment to strike section 2, because in striking section 2, we are really—the essence of what we are attempting to do in the Postal Reorganization Act of 1975.

First of all, the U.S. Postal Service is running into a \$1.7 billion deficit this year, on top of a deficit of over \$800 million this last year. The U.S. Postal Service simply will never reach a point of breaking even without drastically raising postal rates and/or slashing services. Even Postmaster General Bailar before the annual Postal Forum on September 9 of this year asked for a substantial increase in the subsidies to the Postal Service.

Mr. Chairman, in view of this, it is important to look at the alternatives. If additional subsidies are not appropriated, what will the U.S. Postal Service do to cover its costs?

The answers are obvious. We can cut costly services such as door delivery, frequent mail pickups, Saturday delivery, maintenance of small rural post offices, and increase the cost of first-class stamps probably as high as 3 cents more than the 13 cents that the Postmaster General is presently asking for.

Why do we, then, say that we should retain section 2? Because by retention of section 2 we will be providing the money, the \$1.7 billion, and will prevent the great increase of at least 3 cents to the first-class mail on top of the 13 cents that the Postmaster General presently is asking for.

In addition, section 2 mandates delivery standards. There is nothing else today that a lot of people have with regard to their relationship to the Federal Government other than the contact through the Postal Service. These standards were adopted in the bill to halt the recent attempt to end all door delivery services provided to new housing units, as published by the U.S. Postal Service in the Federal Register on May 27, 1975.

The USPS is saying that they will go to curblines as well as to cluster-box de-

livery, and we think that is unacceptable for a number of reasons.

First of all, through this method, Federal policy is going to be frustrating the plans of city planners for no good reason. Second, this will be discriminatory against those areas that are already receiving door-to-door delivery service, especially when everyone is paying the same postage.

Third, striking door-to-door delivery and instituting in its place curblines or cluster-box delivery is a hazard to safety.

Fourth, it is also physically unsightly. Moreover, it is more susceptible to theft and vandalism. In many instances, curblines or cluster-box delivery may be as far as 300 feet from residences, the length of a football field, which will make it especially hard for the disabled and the elderly, not to mention those who live in places where the weather is very inclement during the winter.

Again, although we cannot legislate good management practices on the U.S. Postal Service, we can specify certain areas which we feel to be of prime importance to our constituents. Since the delivery of the U.S. mail is of prime importance to our constituents, and is the only contact between the Federal Government and the average taxpayer of any sort on a regular basis, we must preserve this service and make sure that section 2 is not stricken from this bill.

Mr. EVANS of Colorado. Mr. Chairman, I move to strike the requisite number of words.

(Mr. EVANS of Colorado asked and was given permission to revise and extend his remarks.)

[Mr. EVANS of Colorado addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

PARLIAMENTARY INQUIRY

Mr. DERWINSKI. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DERWINSKI. If the Alexander substitute is agreed to, what is the effect of the substitute on my original amendment to section 2 of the bill?

The CHAIRMAN. In answer to the gentleman's parliamentary inquiry, the gentleman will state that if the Alexander perfecting amendment is agreed to, it appears that the gentleman's motion to strike might not be voted on.

Mr. DERWINSKI. Section 2 would then remain in the bill?

The CHAIRMAN. Section 2 would remain in the bill as amended by the gentleman's perfecting amendment.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ALEXANDER. Is it true that if the Alexander amendment is agreed to, it would in effect replace section 2 which is presently written in the bill that is before the Committee?

The CHAIRMAN. It would become part of section 2 within the bill.

Mr. ALEXANDER. I thank the Chairman.

PARLIAMENTARY INQUIRY

Mr. EVANS of Colorado. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. EVANS of Colorado. If the Alexander amendment is passed, does that keep in or leave out the \$1.7 billion authorization in the section?

The CHAIRMAN. The Chair will have to state to the gentleman that he does not see that as a parliamentary inquiry.

If the Alexander amendment is agreed to, then it becomes section 2 of the bill replacing the previous section 2.

Mr. EVANS of Colorado. I will then restate my parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HANLEY. If the gentleman will yield, it would seem to me that if the Alexander amendment prevailed, it would be imposing a condition on the \$1.7 billion.

Mr. ALEXANDER. I demand regular order, Mr. Chairman.

The CHAIRMAN. The Chair will state that the gentleman from Colorado asked a parliamentary inquiry only.

Are there other Members who desire to be heard at this time?

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, let me address a question to the gentleman from Arkansas. Is it not true that if his amendment prevails, the \$1.7 billion add-on deficit in this bill is in fact eliminated?

Mr. ALEXANDER. That is correct.

Mr. ROUSSELOT. So that the effect of the gentleman's amendment is similar to the gentleman from Illinois. If the Alexander amendment succeeds, it does in fact eliminate the \$1.7 billion and does not have the interpretation that the gentleman from New York has just stated?

Mr. ALEXANDER. If the gentleman will yield, that is correct, and it imposes the additional requirement on the Postal Service to come to Congress and justify its authorization and appropriation for fiscal year 1976.

Mr. ROUSSELOT. That is not a new precedent, to require an agency to come to justify to both the authorizing committee and the Appropriations Committee how they are spending the deficit.

Mr. ALEXANDER. If the gentleman will yield, the gentleman's point is well made.

Mr. ROUSSELOT. I appreciate my colleague's responses.

Mr. RHODES. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will now yield to the distinguished minority leader, the gentleman from Arizona (Mr. RHODES).

Mr. RHODES. I thank my colleague for yielding. I am particularly interested in the colloquy the gentleman just engaged in with the gentleman from Arkansas. I had intended to take my time to speak in favor of the amendment offered by the gentleman from Illinois. I now take the time to speak in favor of the amendment offered by the gentleman from Arkansas, which I understand will do away with the \$1.7 billion add-on to the budget, which is already in a deficit at a time when the Republic can ill afford such add-ons as this.

It would be my hope that the amendment offered by the gentleman from Arkansas would be accepted. If it is not, then, of course, I would certainly be in a position to then further support the motion to strike offered by the gentleman from Illinois.

Mr. ROUSSELOT. I appreciate my colleague's response in support of the Alexander amendment.

Mr. Chairman, we have heard the position of the gentleman from Arkansas, that in fact his amendment does strike the language that provides for a \$1.7 billion increase in the deficit. Is that the understanding of the Chairman?

The CHAIRMAN. Does the gentleman wish to state a parliamentary inquiry?

Mr. ROUSSELOT. Yes.

The CHAIRMAN. The gentleman will state it.

Mr. ROUSSELOT. The gentleman from Arkansas has said his amendment does in fact eliminate from the bill in section 2 the \$1.7 billion add-on deficit. Is his statement the understanding of the Chairman of the Committee?

The CHAIRMAN. The Chair will state to the gentleman that is not a parliamentary inquiry. The gentleman from Arkansas has stated in his own language what he expects his amendment to do if it is agreed to and it would replace the language in section 2 of the bill.

Mr. ROUSSELOT. Which includes the \$1.7 billion. Is that not correct?

The CHAIRMAN. The gentleman will have to decide that for himself.

Mr. HINSHAW. Mr. Chairman, I move to strike the last word.

(Mr. HINSHAW asked and was given permission to revise and extend his remarks.)

Mr. HINSHAW. Mr. Chairman, I take this opportunity to engage in a colloquy, if I might, with the gentleman from

Arkansas (Mr. ALEXANDER) and also our colleague, the gentleman from California (Mr. MINETA), about the effect of the Alexander amendment if it is carried, on other portions of section 2 as it is presently proposed in the bill.

The colloquy in which I would like to engage with the two gentlemen relates to the so-called cluster boxes or curbside delivery. I would ask the gentleman from Arkansas if he would be opposed to that portion of section 2 on page 13 and the following page, page 14, which relates to the level of service specifically referred to as cluster boxes and curb-side delivery.

Mr. ALEXANDER. I do not, nor do I oppose any type of service which is appropriately authorized by the legislative committee, the Post Office and Civil Service Committee, which recommendation is approved by the majority of the Members of this House and concurred in by the other body.

Mr. HINSHAW. I would state to the gentleman during this colloquy it is hoped some of the staff members on this side would be able to prepare appropriate language which would leave in the so-called cluster boxes, and I would appreciate it if my colleague, the gentleman from California (Mr. MINETA), would offer some information as to why he originally proposed these amendments in the Post Office and Civil Service Committee.

Mr. ALEXANDER. May I respond further to the gentleman, that the gentleman from Arkansas' amendment goes to section 2 and section (2) (A), which does not include section (C) on line 23 on page 13, to which the gentleman refers.

Mr. HINSHAW. Perhaps I should clarify what the total thrust and result of the gentleman's amendment would do. Would it strike all of section 2 or just strike on page 13 down to and including line 12 on page 13?

Mr. ALEXANDER. While I refer to the amendment, will the gentleman restate his proposition?

Mr. HINSHAW. Yes. Would the result of the amendment offered by the gentleman from Arkansas be to strike all of section 2 or would it be limited to striking that portion of section 2 down to and including line 12 on page 13?

Mr. ALEXANDER. The amendment would strike line 20 and all the following through page 13, line 6, and insert in lieu thereof the following, and that would be the language which was read by the Clerk.

Mr. HINSHAW. So in essence, if I understand the amendment offered by the gentleman, it would strike the language relating to cluster boxes and curbside deliveries?

Mr. ALEXANDER. No, it would not.

Mr. HINSHAW. It would not strike that?

Mr. ALEXANDER. It would strike out line 20 on page 12 and all following

through page 13, line 6, and insert in lieu the language there.

Mr. HINSHAW. I thank the gentleman for his clarification of the amendment. I believe it is a very good amendment and I am glad it does not refer to cluster box and curbside deliveries, which are very important in some of the districts in California that I represent.

ANNOUNCEMENT BY THE CHAIR

The CHAIRMAN. The Chair would like to make a clarification on the ruling it made earlier. It now appears to the Chair that the perfecting amendment of the gentleman from Arkansas does not perfect or replace the entire section 2 of the bill; that even if the gentleman's amendment is agreed to there would still be a vote on the motion of the gentleman from Illinois to strike the entire section; so with that clarification of the Chair, are there further amendments?

Mr. ROUSSELOT. Mr. Chairman, may we have a reclarification of the Chairman's ruling, because that is different than what the Chair said a minute ago?

The CHAIRMAN. That is what the Chair was stating, if the gentleman will allow the Chair to restate it. After the amendment of the gentleman from Arkansas is voted upon, should it be agreed to by the Committee, then the question before the Committee would be the motion to strike offered by the gentleman from Illinois (Mr. DERWINSKI). That would then be voted upon. If the gentleman's amendment is voted down, we would likewise have a vote on the motion of the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman. I move to strike the requisite number of words.

I do so in part to be sure we all understand what has developed. This situation borders on the complex.

As I understand the situation, the gentleman from Arkansas has a substitute with an amendment to the substitute pending by the gentleman from California (Mr. HINSHAW). Whether that is disposed of favorably or unfavorably, a vote would then occur on my original amendment.

The CHAIRMAN. The Chair would offer a clarification. The gentleman from California (Mr. HINSHAW) does not have an amendment pending.

Mr. DERWINSKI. Mr. Chairman. The gentleman from New York (Mr. HANLEY) uses the standard argument that this amendment was not studied by the subcommittee or the committee. Therefore, because it was not subject to the committee study it ought to be. I presume, rejected out of hand. In effect, that same argument ought to be used against the entire section, the so-called Mineta amendment, because that came up long after the hearings closed. It came up at the end of the subcommittee markup, it then came before the full

committee without any background or research; so, to be consistent and logical, the argument that the gentleman from New York made against the gentleman from Arkansas applies to this entire controversial section. I just want to lay that out; but I think the point where there is some agreement in the House, the key, is that there is a legitimate feeling of frustration with the runaway nature of this new Postal Service.

My approach basically is to see that in view of this we do not give them an open-end subsidy. The gentleman from Arkansas would bring the Postal Service tightly under the control of Congress through the authorization and appropriation procedure. We are approaching it differently, but our positions are not necessarily contradictory in that sense.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, in order to clarify the parliamentary situation here, my amendment strikes all of section 2, beginning with line 20 on page 12 and continuing through to line 6 on page 13, but does not—and I repeat—does not strike out or replace any of the other provisions of section 2.

Therefore, a vote for my amendment would be a vote to replace that section with the legislation and appropriation process that is known to all of us in the Congress.

I would hope that the remainder of this section would be kept intact, which would necessarily entail a vote against the Derwinski amendment.

Mr. DERWINSKI. I would point out to the gentleman that if his amendment passes and my motion to strike fails, that really at that point the authorization and appropriation committee must supply the funds called for in the language of the bill so that what he has done, in effect, is say, "You accept the latter provision of that act." He has immediately tied the hands of the authorization and appropriation committee because he has mandated a service, and obviously it must be covered by funding.

Mr. ALEXANDER. Would that not be an issue before the legislative committee?

Mr. DERWINSKI. Yes, it would, but given the basis the legislative committee has used, it would go far beyond what the gentleman feels willing to tolerate. It is really a "Katy bar the door" mentality that prevails in that committee. That committee is more interested, frankly, in giving the Postal Service money to spend than it is in disciplining the Postal Service.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to remind

the Members that earlier in this debate I said that the amendment offered by the gentleman from Arkansas was going to produce some very serious ramifications. For those Members who are concerned about appropriations and subsidies, let me remind them of exactly what it will do in the process of implementation.

Actually, as written, all revenues of the United States Postal Service would flow into the U.S. Treasury, and along with them, all obligations of this Postal Service then become the obligations of the taxpayers of America. So, I remind the Members that, for example, last year that deficit was \$830 million plus the \$920 million that the institution enjoyed in the way of appropriations, plus the \$500 million that this entity enjoyed through its bonding authority.

Under the language of the gentleman's amendment, all of that money would then become the obligation of the U.S. taxpayers. So, if the objections of the Members relate to expenditures, I would suggest that by no means would they want to support the effort of the gentleman from Arkansas.

Beyond that, it effectively pulls the rug out from underneath the Reorganization Act. For instance, the Postal Rate Commission would really have no good use, because it would not have to determine, it would not have to allocate rates on the basis of that overhead. It can come up with any type of rate that might be deemed necessary, so that what the Members are doing here, effectively, is that they are taking the present challenge away from the U.S. Postal Service and they are saying that from this point on the taxpayers of America are going to obligate themselves for every dollar in excess of the revenue approved.

That is what it is all about.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, I ask the gentleman, who would pick up the debts otherwise?

Mr. HANLEY. Presently the U.S. Postal Service, as poorly as it is handling the situation.

Mr. KAZEN. Is it not the taxpayers who are still picking up the debt, regardless of how it is collected?

Mr. HANLEY. Not necessarily so. This is what we are addressing.

Mr. KAZEN. Under the present system, is it not the taxpayers who are doing it, including that bonded deficit that is already owed by the Corporation?

Mr. HANLEY. Actually, that bonding, that \$500 million, is an obligation of the U.S. Postal Service.

Mr. KAZEN. Where does that money come from? Does it not eventually come

from the taxpayers of the United States?

Mr. HANLEY. Obviously, in the long run, with prudent management we are going to generate revenue. If at this point we want to say that this does not work and let us go back to the other way of doing it, or if any Member has a better way of doing it, I would like very much to hear what it is.

Mr. KAZEN. If the gentleman will yield further, after 4 years does the gentleman have any doubt that it is not going to work?

Mr. HANLEY. To give the institution its due—and we seem to overlook this—the horrendous task of that institution is that it happens to process 300 million pieces of mail per day. Mind you, if we allowed it a 1-percent margin of error, it would be allowed 3 million mistakes a day, and it falls far short of that.

Let us take into consideration the fact that this U.S. Postal Service, for instance, processes more mail on a day-to-day basis than all of the countries in the world community combined. All in all, it is doing a pretty good job.

Mr. KAZEN. If the gentleman will yield, the budget is more than all of the others in the world combined, too.

Mr. HANLEY. Mr. Chairman, we said back in 1970—and I was not an enthusiastic supporter of reform—it was going to take a decade to get it on the track.

So what I am saying about the amendment offered by the gentleman from Arkansas is that if the Members want the taxpayers, right as of today, as of the next fiscal year, to pick up the tab, then support that amendment. If the Members do not want it that way, then defeat the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ALEXANDER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 267, noes 123, not voting 43, as follows:

[Roll No. 560]

AYES—267

Abdnor	Davis	Holt
Abzug	de la Garza	Holtzman
Adams	Dent	Horton
Addabbo	Derrick	Howard
Alexander	Devine	Howe
Ambro	Dickinson	Hubbard
Anderson,	Dodd	Hughes
Calif.	Downey, N.Y.	Hungate
Anderson, Ill.	Downing, Va.	Hutchinson
Archer	Duncan, Oreg.	Ichord

Armstrong	Duncan, Tenn.	Jacobs
Ashbrook	Edgar	Jarman
AuCoin	Ellberg	Jenrette
Bafalis	Emery	Johnson, Calif.
Barrett	English	Johnson, Colo.
Baucus	Evans, Colo.	Johnson, Pa.
Bauman	Evans, Ind.	Jones, Ala.
Beard, R.I.	Evans, Tenn.	Jones, N.C.
Beard, Tenn.	Fascell	Jones, Okla.
Bedell	Findley	Jones, Tenn.
Bennett	Fish	Karth
Bevill	Fithian	Kasten
Blaggi	Flood	Kastenmeier
Blouin	Florio	Kazen
Bowen	Flowers	Kelly
Breaux	Flynt	Kemp
Breckinridge	Ford, Tenn.	Ketchum
Brinkley	Forsythe	Keys
Brooks	Fountain	Krebs
Broomfield	Frey	Krueger
Brown, Calif.	Fugua	LaFalce
Brown, Mich.	Gaiardo	Lagomarsino
Broyhill	Gibbons	Landrum
Buchanan	Gilman	Latta
Burgener	Ginn	Lesgett
Burleson, Tex.	Goldwater	Lent
Burlison, Mo.	Gradison	Levitas
Burton, John	Grassley	Litton
Butler	Guyer	Lloyd, Calif.
Byron	Hagedorn	Lloyd, Tenn.
Carney	Haley	Long, Md.
Carr	Hall	Lott
Carter	Hammer-	Lujan
Casey	schmidt	McCollister
Cederberg	Hannaford	McDade
Chappell	Hansen	McDonald
Clancy	Harkin	McFall
Clausen,	Harrington	McHugh
Don H.	Harris	McKay
Clawson, Del	Harsha	McKinney
Cleveland	Hayes, Ind.	Madden
Cochran	Hays, Ohio	Madigan
Collins, Tex.	Hechler, W. Va.	Maguire
Conlan	Heckler, Mass.	Mahon
Cornell	Hefner	Mann
Cotter	Heinz	Martin
Coughlin	Helstoski	Mathis
Crane	Hightower	Matsunaga
Daniel, Dan	Hillis	Meyner
Daniel, R. W.	Hinshaw	Mezvinsky
Danielson	Holland	Michel

Miller, Ohio	Rodino	Steiger, Ariz.
Mills	Roe	Steiger, Wis.
Moffett	Rogers	Stuckey
Montgomery	Roncallo	Studds
Moore	Rose	Symington
Moorhead,	Rosenthal	Symms
Calif.	Roush	Taylor, Mo.
Mottl	Rousselot	Taylor, N.C.
Natcher	Runnels	Thone
Neal	Russo	Thornton
Nichols	Ryan	Treen
Nowak	Sarasin	Tsongas
Oberstar	Satterfield	Ullman
Ottinger	Schroeder	Van Deeren
Patterson,	Schulze	Vanik
Calif.	Sebellius	Walsh
Pattison, N.Y.	Sharp	Wampler
Pike	Shipley	Weaver
Poage	Shriver	White
Pressler	Shuster	Whitehurst
Preyer	Sikes	Wilson, Bob
Quie	Slack	Winn
Quillen	Smith, Iowa	Wolf
Randall	Smith, Nebr.	Wright
Regula	Snyder	Wylie
Reuss	Spence	Yatron
Rhodes	Staggers	Young, Fla.
Rinaldo	Stanton	Young, Tex.
Roberts	J. William	Zablocki
Robinson	Steelman	Zerferetti

NOES—123

Annunzio	Hamilton	Peyser
Ashley	Hanley	Price
Baldus	Hastings	Pritchard
Bergland	Hawkins	Railsback
Bieber	Henderson	Rangel
Bingham	Hyde	Rees

Blanchard	Jeffords	Richmond
Boland	Jordan	Riegle
Bolling	Kindness	Risenhoover
Brodhead	Koch	Rooney
Brown, Ohio	Lehman	Rostenkowski
Burke, Calif.	Long, La.	Roybal
Burke, Mass.	McClary	St Germain
Burton, Phillip	McCloskey	Sarbanes
Chisholm	Mazzeoli	Scheuer
Clay	Meeds	Schneebell
Collins, Ill.	Metcalfe	Seiberling
Conable	Mikva	Simon
Conte	Milford	Solarz
Conyers	Miller, Calif.	Spellman
Corman	Mineta	Stanton,
D'Amours	Minish	James V.
Daniels, N.J.	Mink	Stark
Delaney	Mitchell, Md.	Steed
Dellums	Moakley	Stokes
Derwinski	Morgan	Stratton
Drinan	Moss	Sullivan
du Pont	Murphy, Ill.	Teague
Early	Murphy, N.Y.	Thompson
Eckhardt	Murtha	Traxler
Edwards, Ala.	Myers, Ind.	Vander Veen
Edwards, Calif.	Myers, Pa.	Vigorito
Erlenborn	Nedzi	Waxman
Fisher	Nix	Whalen
Foley	O'Brien	Wilson, C. H.
Ford, Mich.	O'Hara	Wilson, Tex.
Frenzel	O'Neill	Wirth
Gaydos	Passman	Wylder
Gonzalez	Patman, Tex.	Yates
Goodling	Patten, N.J.	Young, Alaska
Green	Perkins	
Gude	Pettis	

NOT VOTING—43

Andrews, N.C.	Fary	Pepper
Andrews,	Fenwick	Pickle
N. Dak.	Fraser	Ruppe
Aspin	Hebert	Santini
Badillo	Hicks	Sisk
Bell	McCormack	Skubitz
Boggs	McEwen	Stephens
Bonker	Macdonald	Talcott
Brademas	Melcher	Udall
Burke, Fla.	Mitchell, N.Y.	Vander Jagt
Cohen	Mollohan	Waggonner
Diggs	Moorhead, Pa.	Whitten
Dingell	Mosher	Wiggins
Esch	Noian	Young, Ga.
Eshleman	Obey	

Messrs. HAGEDORN, McCOLLISTER, and NATCHER changed their vote from "no" to "aye."

Mrs. COLLINS of Illinois, Messrs. STOKES, MORGAN, RISENHOVER, PATTEN, MURPHY of New York, ROONEY, BLANCHARD, and THOMPSON changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. I have a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. ALEXANDER. Mr. Chairman, in order to perfect the amendment which was just passed, is it not necessary for this body to vote no on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) which is now before the House?

The CHAIRMAN. The Chair cannot respond to the inquiry as the gentleman stated it, but if the gentleman's inquiry is whether or not the motion offered by

the gentleman from Illinois, if agreed to, would strike the entire section including the part that the gentleman from Arkansas has perfected, the answer of the Chair would be "yes."

PARLIAMENTARY INQUIRY

Mr. DERWINSKI. Mr. Chairman, I will try to propound a proper parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DERWINSKI. Mr. Chairman, since this is the largest audience I am going to have all day, I want to look good here. My original amendment was to strike section 2 in its entirety. We have just accepted striking from line 20, section 2, through line 6 on page 13. Is an amendment in order at this point to strike the remainder of that section?

The CHAIRMAN. The Chair will respond to the gentleman by saying that an amendment would be in order to strike so much of the section that was not amended by the gentleman from Arkansas's amendment.

Mr. DERWINSKI. But obviously I am precluded at this point from offering an amendment to strike beginning on line 20, page 12.

The CHAIRMAN. The Chair will state to the gentleman from Illinois that other Members would not be precluded from offering such an amendment.

PARLIAMENTARY INQUIRY

Mr. FORD of Michigan. Mr. Speaker, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FORD of Michigan. Did I understand the Chair to rule that even though the pending amendment of the gentleman from Illinois (Mr. DERWINSKI) is an amendment to strike the entire section, the amendment offered by the gentleman from Arkansas was a perfecting amendment to this section, that the gentleman's amendment if it now carries would not strike the entire section including the new language inserted by the gentleman from Arkansas?

The CHAIRMAN. The amendment offered by the gentleman from Illinois (Mr. DERWINSKI) would strike the entire section including the language offered by the gentleman from Arkansas and agreed to by the Committee.

Mr. FORD of Michigan. If I could state the inquiry in another way, am I correct that a "yes" vote on the Derwinski amendment, and that amendment which is now before the House carries, would strike all of section 2 and leave that subject matter as it is now in the present law?

The CHAIRMAN. It would strike all of section 2. The effect of such a vote upon existing law is a matter for the Committee to determine.

PARLIAMENTARY INQUIRY

Mr. HAYS of Ohio. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HAYS of Ohio. Mr. Chairman, my inquiry is very simple. I just want to know how I should vote to get rid of the fugitives from big business who are now running the Post Office, and I gather I would vote "no" on the Derwinski amendment.

Mr. BUCHANAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to report to the House on this occasion, when we have just accepted the Alexander amendment and I think the House has spoken what appears to be the will of a great many Americans concerning the performance of the Postal Service that, along with the gentleman from Tennessee (Mr. DUNCAN) and the gentleman from Arizona (Mr. STEIGER), I have been party to a Federal court suit on behalf of postal users throughout the United States in which we have sought to do something about what we felt to be the poor performance of the Postal Service. We sought to force the Postal Service to comply with what we believe to be the provisions of the Postal Reorganization Act of 1970 pertaining to necessary steps they must take in making changes in service of a nationwide nature.

We were successful enough in our suit that we reached an out-of-court settlement in which the Postal Service agreed for the first time to take a case pertaining to a change in the nature of service before the Postal Rate Commission, as I believe the law requires them to do. I am now a party before the Postal Rate Commission as to whether or not they can approve of the proposed changes in the nature of services made by the Postal Service, in this instance.

We have been trying to fight for the people against the Postal Service in Federal court and before the Postal Rate Commission. This gigantic public monopoly which has acted so much as a law unto itself has not submitted itself heretofore, even to the relatively weak regulatory function which the Congress did give to the Postal Rate Commission in the Postal Reorganization Act of 1970.

The committee, therefore, did well to pass the Alexander amendment, and the Congress must reassert its authority for the people's sake.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, if the gentleman from Alabama will permit me I would point out that what we have done is innocently diverted our-

selves from what was the original amendment and the original issue. The original issue in the amendment to strike section

2 was to delete from this bill a \$1.7 billion subsidy. Now, what we have done is come in with language to provide for a congressional authorization procedure which leaves intact the potential of the subsidy.

As a result, we innocently diverted ourselves from what would have been a very prudent and a solid budgetary action when there is not a principle here—I fully understand the frustration of the Members—by which we would impose restraints from the Congress and overlook what we abandoned 5 years ago; so I still think a vote for my original motion to strike section 2 would, hopefully, have the support of the gentleman.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, what the gentleman from Illinois has said actually follows through on what my colleague, the gentleman from Ohio, suggested, and that is that we have had a substantial amount of inquiry from our own constituents about why the Post Office is not made to live under the discipline of a normal system of congressional control over excessive deficits. If we want to make sure that \$1.7 billion unnecessary deficit is, in fact, totally eliminated, we should listen to the arguments of Mr. DERWINSKI.

It is essential to make sure that we do not allow the Postal Service to continue in the irresponsible way in which it has traveled.

Mr. BUCHANAN. Mr. Chairman, before my time expires, I would say I strongly support the gentleman from Arkansas.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ALEXANDER. Mr. Chairman, is it true that the previous question has been ordered?

The CHAIRMAN. No, it is not true.

Mr. ALEXANDER. Mr. Chairman, then I move the previous question.

The CHAIRMAN. That motion is not in order in Committee of the Whole.

PARLIAMENTARY INQUIRY

Mr. BUCHANAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUCHANAN. Mr. Chairman, the gentleman from Illinois has stated that the subsidy would remain in the bill, notwithstanding the action voted by the committee; is that correct?

I am saying, Mr. Chairman, that if the Derwinski amendment now before us is voted down, the subsidy would remain, according to the language as it stands.

The CHAIRMAN. Section 2 would be amended by the Alexander amendment.

PARLIAMENTARY INQUIRY

Mr. HANLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HANLEY. Mr. Chairman, just a point of information to clarify this vote for the benefit of all Members, the understanding is that the adoption of the Derwinski amendment would have the effect of nullifying the Alexander amendment, and in so doing reverting back to present law; am I correct?

The CHAIRMAN. The motion of the gentleman from Illinois would strike the entire section, including that section as amended by the gentleman from Arkansas.

Mr. HANLEY. I thank the Chairman.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words.

(Mr. HINSHAW asked and was given permission to revise and extend his remarks.)

Mr. HINSHAW. Mr. Chairman, I would like to be able to vote for both the Derwinski amendment and the Alexander amendment, but there is some confusion as to what would be the result if we were to vote favorably for the Derwinski amendment. It would seem to me that if the Members who just voted in favor of the Alexander amendment, should realize how that action should affect their next vote, because if we vote for the Derwinski amendment that vote would have, in fact, the effect of nullifying the Alexander amendment. It seems to me that we are automatically saying to our constituents and to the people of this country that we are playing games with our votes, that we will vote favorably on something when it appears to be politically expedient to do so, but with our very next vote we will vote to undo that which we just voted to do.

One of the things which is most important to me in this particular section of the bill is something which is referred to as cluster boxes or curbside delivery. In many of the new areas of this country, the Postal service is saying, "We will not provide delivery to those houses unless they provide a mailbox at the curbside," notwithstanding the fact that perhaps the property owner does not own the property upon which the Postal Service insists that he erect a curbside mailbox delivery system.

Further, the Postal Service, it seems to me, is insensitive to the personal liability—I repeat, the personal liability—of the homeowners who would be re-

quired to install a curbside mail delivery receptacle. It seems to me that we in the Federal Government would not want to impose the potential of personal liability on persons by saying, "You have to accede to the management directives of the Postal Service and install a post box on property which you do not own, which you cannot control."

So, Mr. Chairman, because I would like to be able to vote for both the Derwinski amendment and the Alexander amendment, it appears that if we were to vote favorably for the Derwinski amendment, we would effectively be nullifying the vote which just carried by a margin of 2 to 1. I hope the Members, to be consistent with their previous votes, particularly when it is the very next vote, do vote down the Derwinski amendment even though I am totally in sympathy with what the gentleman from Illinois is proposing to do.

If the gentleman from Illinois would like for me to yield to him because I have mentioned his name so that he can make a reply, I will be glad to do so.

Mr. DERWINSKI. Mr. Chairman, I am not misusing the gentleman's generosity, because he understands the situation. What we have, in effect, done by striking line 20 on page 12 through line 6 on page 13 is that we remove the authorization for the appropriation for the latter portion that the gentleman is interested in. In effect, what we have done then is set up a policy without funding, which strikes me as being the worst of both worlds because we hold out a vague public promise which we remove by not authorizing the appropriation.

It seems to me that my amendment gets back to the gut issue before us, which is to remove the entire section and therefore the \$1.7 billion.

Mr. HINSHAW. Mr. Chairman, notwithstanding how this vote goes, I think the Members of the House have adequately demonstrated to the postal management that they want better management; they want better accounting tools; they want the Postal Service to be more responsive to Congress, and it seems to me we have demonstrated that by the vote.

Mr. GIBBONS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, when I spoke earlier, I spoke in favor of the Derwinski amendment. At that time, the Alexander amendment had not been presented. But, with the adoption of the Alexander amendment, we have swallowed up the Derwinski amendment and done an additional thing; that is, to bring the Post Office Department back under the normal budgetary process, the authorization and appropriation process, that we have followed here in the Congress for so long.

So the Derwinski amendment now is not necessary, and it should be voted down because the Alexander amendment has swallowed it up, and we have already done that. It, the Alexander amendment has stricken from the bill the authorization that was \$1,700 million over the budget.

So I would urge the Members to vote no on the Derwinski amendment because the work it seemed to start to do has already been swallowed up by the Alexander amendment.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman.

Mr. HENDERSON. I thank the gentleman for yielding.

Earlier, the gentleman spoke about the concern about the amount of new authorizations provided in the bill being budgeted. I wonder if he will tell the House now what amount will be budgeted under the provisions of the Alexander amendment which was just adopted. Are there any amounts budgeted by the congressional budget resolution? Did the Budget Committee cover the Alexander amendment?

Mr. GIBBONS. I see the Chairman of the Budget Committee here, and I want him to check my figures because I do not have my notes with me.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman.

Mr. ADAMS. Mr. Chairman, I would state that the first budget resolution provided an appropriation of \$1,690 million. This bill provided originally for \$3,390 million, which was \$1,700 million over the budget resolution.

Therefore, Mr. Chairman, in the parliamentary situation as we understood it, those of us on the Budget Committee supported the Alexander amendment on the basis that it struck the \$1,700 million.

I certainly would not question the gentleman from New York or the chairman of the full committee as to the full effects of the Alexander amendment, because that is within the details of their committee. But that was the position that we took at that time, and those are the figures. I cannot answer for the chairman on the details of the Alexander amendment, on how we will interpret it, because that is within the expertise of his committee, and I hope he will explain it to the House when the gentleman from Florida (Mr. GIBBONS) and the gentleman from Washington (Mr. ADAMS) have stated why we took the position we did and what we believe has been accomplished.

Mr. GIBBONS. So the Derwinski

amendment, which was a good amendment at the time it was offered but which has been swallowed up by the Alexander amendment, should now be voted down. And if there is a need for an additional authorization for the Post Office Department, I would hope that the Post Office and Civil Service Committee would bring us back an authorization bill that would meet the \$1,690 million that the House has agreed to earlier.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman.

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Chairman, I have a different understanding of the Alexander amendment. But at least this part of it we ought to be able to agree on: The Alexander amendment says that all of the revenue currently received by the Postal Corporation will be paid into the Treasury of the United States and that thereafter each year the Postal Corporation will come to the Congress and set an authorization or appropriation for the entire cost of running the Post Office. Is that correct?

Mr. GIBBONS. I will say to the gentleman from Michigan that he is using up all my time, and I am not going to yield further. The House has already voted on that.

The Derwinski amendment has been swallowed up in the Alexander amendment. Therefore, the Derwinski amendment should be voted down now.

Mr. ALEXANDER. If the gentleman will yield, the gentleman from Florida is correct.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman. I had hoped to be able to respond to the gentleman from Florida. For what it is worth, as a result of the adoption of the Alexander amendment the budget may have assumed an obligation somewhere between \$4 billion and \$5 billion that we are going to have to find a way to provide, as opposed to the provision and accord with the language of the bill.

So the problem, from the standpoint of the budget, has been compounded.

As the gentleman from Michigan reminded us, all of the revenue accrued to the U.S. Postal Service will now accrue to the U.S. Treasury and, along with it, all of the obligation of that entity becomes the obligation of all of the taxpayers.

So I would say that as opposed to the \$1.7 billion that we are talking about here, that obligation is going to run somewhere between \$4 billion and \$5 billion.

We have taken away from the USPS a certain safeguard that we had, so now

they are going to be able to do whatever they want to with regard to their overhead, and then they will come to the Congress and say, "Here is what we need in the way of a difference." And I will guarantee that it will range between \$2 billion and \$3 billion more than the provision contained in this bill.

Mr. Chairman, the way to take care of that situation, incidentally, is this—and I regret that we have to do it this way—by accepting the Derwinski amendment, at least we shift gears and we will have a status quo situation, and the present law would prevail to prevent the type of obligation that I have attempted to describe.

So I suggest to all the Members, if we are interested in fiscal prudence and if we are interested in the position of the Committee on the Budget, then we should by all means now support the Derwinski amendment and then the present law will prevail.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Of course, great minds run in the same channel.

I think what we are really faced with as a result of our action is this: Even though by the passage of the Alexander amendment we have removed from section 2 the authorization for appropriation which has been the source of complaint to the gentleman from Washington (Mr. ADAMS), by retaining the language in the latter part of that section we establish as policy the earlier items that had been authorized to be appropriated. So when we, under the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER), turn over the authorization and appropriation machinery to the Congress, we mandate and we dictate costs far beyond what is budgeted.

That was not the intention of the gentleman from Arkansas (Mr. ALEXANDER), but we have innocently found ourselves now at cross-purposes, so that the effects of the Alexander amendment is to mandate the very costs that the House was prepared to vote down by supporting my original amendment.

Then the gentleman from New York (Mr. HANLEY) in effect has come around to saying logically from his standpoint that, therefore, the lesser of the evils at this point is to support my original amendment which he originally opposed.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I listened with great attention to the gentleman from New York (Mr. HANLEY), and he said this is going to cost the taxpayers a lot of money. Well, I have news for the Members. It is going to cost the taxpayers a lot of money

no matter what we do, because these people in the Postal Commission can set the rate at whatever they want, and they can pass it right through to the fellow who sends a letter.

It does not make very much difference, it seems to me, whether we pay for their \$50,000 office remodelings, their \$10,000 bathroom remodelings, and their \$75,000 kitchens by an increased postal rate or out of the Federal Treasury. But what I do think we ought to do in voting down the Derwinski amendment is to put the buck right back where it belongs, on the gentleman's subcommittee, to pull these phonies into line, because there is not one of them who could run a buggy factory to make buggies for use with horses and make a success out of it if we should abolish the automobile.

They are a bunch of fugitives from big business, and they were failures in the businesses they were in. They got into these jobs they have now through cronyism, and they have absolutely and totally made the American postal service the laughing stock of the world. The Pony Express did a better job than they are doing. I maintain that is true.

When I came to Washington in 1949, I could send a letter back to my district this afternoon and the person receiving it got it the next morning. That is a distance of 300 miles.

Here is what I do now: I save up all my mail through the week and haul it back home on Friday and mail it there, and they get it quicker than if I mailed it on Monday through the Postal Service. I can drive it out there and get it there quicker, because it takes 5 days to get a letter from here to Ohio with this phony bunch of big business experts running the Postal Service.

Mr. Chairman, if we let them run it another year, we will have nothing left at all.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. Yes, I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Chairman, as I understand it, under the Alexander amendment, all of the revenues that go into the Postal Service now are going into the general fund, thereby augmenting the general fund, and whatever appropriations we have to make to subsidize the Post Office over and above what they get by selling stamps and whatever else they do will be exactly the same.

Mr. HAYS of Ohio. That is exactly right, and we will also have the option of setting their salaries, which we do not have now, but which they do themselves.

Nobody has ever called me a socialist. I have been called a lot of other things. However, one can go to Great Britain or can go to Germany, which has a socialist government. The government runs the

telephone company and the postal service.

One can pick up a phone in his hotel room and dial the United States. I did it the other day, and it took 15 seconds from the time I dialed the last digit until the party in the United States was on the phone.

If you think that we have such a great system in this country, try to make an overseas call sometimes. We have to get the operator here downtown, who in turn gets the overseas operator up in New York. If she does not feel good that day, she will tell you to go to hell and make your call next week.

That is about the same system we have in the Postal Service.

Mr. Chairman, we passed by better than 2 to 1 the Alexander amendment which told the Postal Service what we think of it. Let us not reverse ourselves and say that we love them, because we do not.

THE CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

The amendment was rejected.

AMENDMENT OFFERED BY MR. DELANEY

Mr. DELANEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DELANEY: Page 22, line 16, insert "including mail announcements of legal texts which are part of post-bar admission education" immediately after "course listing"

Page 22, line 17, insert "or by a nonprofit organization engaged in continuing legal education" immediately after "higher education"

(Mr. DELANEY asked and was given permission to revise and extend his remarks.)

Mr. DELANEY. Mr. Chairman, this amendment would simply insure that nonprofit organizations engaged in continuing legal education continue to qualify for second class mailing privileges.

There are presently between 70 and 80 nonprofit continuing legal education organizations in the United States. Most of them are affiliated with or supported by State bar associations and a few are associated with universities.

These continuing legal education organizations provide essential educational services to the legal profession. Most of us remember the intense preparation required to pass the State bar examinations. Even after years of acquiring the skills of the legal profession in the classroom, law students must rely on intense preparatory courses to perform successfully on these tests. Furthermore, the accelerated volume of new laws, court decisions, and administrative rulings in recent years has made it imperative that lawyers continue their post-bar admission education if they are to render competent service to the public.

Three States, Minnesota, Iowa, and Wisconsin, already require lawyers to put in a specified number of hours in continuing legal education, each year to

maintain their licenses to practice, and 30 more States are considering mandatory continuing legal education requirements.

All continuing legal education organizations mail announcements of their courses as well as announcements of texts which are part of post-bar admission education to members of the bar. The announcements of legal texts help keep lawyers informed about recent publications on rapidly changing legal issues—an updating service as important as the publications of the commercial loose-leaf printers. Under the amendment I am proposing, these mail announcements will continue to qualify as second-class mail. This amendment makes no change in any of the present second-class mail requirements, such as the periodicity requirement.

In urging the Members' support of this amendment, I would like to emphasize that these organizations are nonprofit and are engaged in an essential educational service. Their continued qualification for second-class mailing privileges is a reasonable and equitable measure that will help insure the high quality of the American legal profession.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. DELANEY. Yes, I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, the committee has carefully considered this amendment.

We have no objection to it, and I believe there is considerable merit associated with it. The committee is most willing to accept it.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. DELANEY. Yes, I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, there is no objection on this side to the amendment offered by the gentleman from New York (Mr. DELANEY).

THE CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. DELANEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 13, strike line 7 and all that follows through line 18 on page 14.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. I will admit that it does not pay to follow the gentleman from Ohio (Mr. HAYS) in the well and I

thought that discretion was the better part of valor a few minutes ago.

My amendment basically does this, it takes us back to the issue we have been debating the last 2 hours. It strikes from section 2 that portion of the section that was not stricken by the Alexander amendment. What it does, therefore, is to take us back to the original point we were debating this afternoon, the point that had the special concern of the gentleman from Washington (Mr. ADAMS). It would strike from the remainder of section 2 that language which

would mandate the delivery service that would add \$1.7 billion to the postal subsidy.

I would like to run through those figures once again for the benefit of the Members.

The total subsidy that the Postal Service now receives, which is the direct subsidy, revenue foregone, and transitional costs, is approximately \$1.6 billion. With the provisions remaining in section 2, the cost for the next 4 years will be \$3.3 billion annually. That is a rough figure.

If my amendment is adopted, we will strike from the bill the language that would otherwise provide for an additional subsidy of \$1.7 billion for the Postal Service.

If there is such a thing as a mood of the House, then I gather that there are two basic views that the Members have about the Postal Service. One that it has fallen short of their expectations of improved delivery of mail to the American public, but, secondly, the view seems to be that having recognized these shortcomings, they do not want to be found voting for a further subsidy of a service that is growing in controversy.

By striking this section, the Members are not interfering at all with current mail delivery income or current mail delivery policies, all the Members will be doing is removing the section that would call for a \$1.7 billion additional budget cost.

If I may just sum up on that point, a vote for my amendment will not touch the Alexander amendment. In other words, we will not retreat, if the Members voted for the Alexander amendment, they will not be inconsistent by voting for my amendment. We are back to the point we were earlier debating which was shall we now mandate an additional \$1.7 billion in postal subsidy.

I urge support of this revised tactical amendment.

Mr. FORD of Michigan. Mr. Chairman, I rise in opposition to the amendment.

(Mr. FORD of Michigan asked and was given permission to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Chairman, I supported the Derwinski amendment a few moments ago to strike all of section

2 because I saw it as the last opportunity to overturn what I consider to be an extremely shortsighted action by the House which, when reflected upon, and particularly when reflected on by my colleagues from the Committee on the Budget who evidently do not understand the Alexander amendment since they supported it here in the well, is going to come back to haunt us.

Now as to the amendment of the gentleman from Illinois (Mr. DERWINSKI) there no longer is any advantage in supporting his motion to strike. I do not think the Members will want to be on record supporting as a single and direct motion to strike these specific sections when applied to them. I am sure the gentleman from California is going to talk about it, but the first section the Derwinski amendment is going to cut out is the door delivery amendment which the gentleman from California (Mr. MINETA) managed to put in the bill. To those

Members who have not heard in the last few years about the problem of door delivery from your constituents, I will guarantee that if you vote for this amendment, you will hear from your constituents very quickly.

The next thing he does is take out of the bill another provision for which the gentleman from California (Mr. MINETA) was responsible. Based on his very recent experience as mayor of a major city in his district—San Jose, Calif.—that is, local approval for the so-called cluster boxes that are stuck up in urban areas on appropriate corners, making them look like a super collection of bird houses.

There is also another provision of which many Members are aware if they have United Parcel Service in their districts, as most of them do, and if they have parcel post service in their districts, as all of them do. There was a real serious effort made in our committee to resolve the problem of allowing private enterprise represented by United Parcel Service to exist and to grow normally in the market without interfering with the normal support for the parcel post service, which is absolutely essential in those parts of the country, particularly rural America, where United Parcel Service, to the best of my knowledge, is not yet ready in the private sector to provide parcel delivery service.

As a result of many hours of negotiation back and forth, we reached a compromise that both sides believe is fair to private enterprise as a competitor with the Postal Service, and to the Postal Service so it is not saddling the taxpayers with an additional obligation from the general fund.

This section was put in the bill with the agreement of United Parcel Service, with the Postal Service itself, with the parcel post users, and all of the unions

involved—and the Members probably have heard from some of them. The effect now of the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) coming at this stage, would be a direct repeal of this section.

In addition to that, the Members will find that the next provision on page 14 would require that the levels of service put forth in this bill will be maintained when Congress appropriates the money to maintain them. In other words, Congress retains control over these new levels of service in maintaining control over the purse strings for the specific services.

Finally, Mr. Chairman, it contains a provision which would require that the Postal Service shall present to the appropriate committees in Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of the Postal Code which requires that "the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining."

Mr. Chairman, the amendment offered by the gentleman from Illinois (Mr. DERWINSKI), would remove this congressional control, and it would be completely contrary to what most of the Members are going to be telling people back home as the reason why they voted for the Alexander amendment.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the chairman of our committee.

Mr. HENDERSON. I thank the gentleman for yielding.

I want to associate myself with the arguments the gentleman from Michigan is making. The gentleman's point that he has just made is absolutely right. This section of the bill that would be stricken by the amendment offered by the gentleman from Illinois (Mr. DERWINSKI), was the committee's effort to try to insure service to all of the American people the best we could. In my opinion, if it remains in the bill, it still will show the clear intent of a law of Congress to appropriate the money and to operate under the Alexander amendment just adopted. I think this kind of language is essential, so I would hope that the committee would not strike all of the language.

If there are portions of it they do not like, that can be improved with something else. But the gentleman from Illinois would strike all of this, and I think this is an answer we have had from many of the Members relating to service, that the Postal Service is not extending to all Americans the same kind of service.

I would hope that the gentleman's

amendment is defeated and this language stays in to improve, if it is to be improved.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I want to associate my remarks with those of the gentleman from Michigan (Mr. FORD), and the gentleman from North Carolina (Mr. HENDERSON).

Mr. HANLEY asked and was given permission to revise and extend his remarks.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I also would hope that the Members would remember the debate we had before on the portion of the bill which is now subject to the motion of the gentleman from Illinois. I think it is incumbent upon the Members of Congress to express their views on the level and type of service that they want the Postal Service to provide, rather than allowing the Postal Service to unilaterally decide which type of service it would like to modify and would like to discontinue, without consulting at least with the appropriate committees of Congress.

I would urge that we reject this amendment to strike those portions of the bill.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Nebraska.

(Mrs. SMITH of Nebraska asked and was given permission to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in opposition to the amendment by the gentleman from Illinois (Mr. DERWINSKI). An amendment at this point would be counter to the wisdom of the committee which, after lengthy hearings and deliberation, concluded that the present postal delivery regulations are unacceptable. The thrust of this bill is to guarantee a high standard of delivery service to the public while providing local governments with a voice in decisions which directly affect the local citizen's mail delivery. We need what this bill requires—door-to-door delivery according to local option to all permanent residential addresses entitled to city delivery.

In many developing areas, curbside boxes are prohibited by local authorities ordinance. Passing this amendment in outright conflict with these local authorities would be tantamount to forcing public compliance with an undesirable postal requirement.

My district has seen many of these problems and can serve as an adequate example of the shortcomings of the present regulations. In the first place, we

have discovered that these cumbersome curblin boxes create a public safety hazard. Any parking car, passing bicyclist, or unwary pedestrian could collide with these obstructions.

Deprival of the door delivery option would, furthermore cause a special problem to the elderly and handicapped who would be compelled to travel farther to fetch their mail.

Then, too, unwanted curblin boxes are not only unsightly and offensive to the natural beauty of our communities, but they are also subject to vandalism. Mail could be irreplaceably lost or destroyed, and the cost of maintaining damaged curbside boxes is an item to consider.

Finally, and perhaps most important, the curbside box system is, in itself, impractical. Residents park their cars along the street which would block the mail boxes there. No time or money would be saved as the mailman would have to leave his vehicle stalled in traffic to rush between parked cars.

In short, the only body qualified to make decisions relative to local mail delivery is the local government itself. I speak for the present bill which places the question of door-to-door delivery right where it belongs—in the hands of the local citizens.

Mr. MINETA. Mr. Chairman. I move to strike the last word.

Mr. Chairman, we have heard a great deal about the lack of good management practices on the part of the U.S. Postal Service. I suppose if there is anything we will not be able to legislate, it is good management practices on the part of the U.S. Postal Service. But the only way we are going to be able to preserve the only contact that many people in this country have with the American Government is the contact they have with the U.S. Postal Service. We should not allow that service to deteriorate.

The amendment offered by the gentleman from Illinois (Mr. DERWINSKI) to this bill is really striking at the very heart of the bill and the heart of the service that the U.S. Postal Service provides.

One of the things the USPS will do in order to try to save money is to cut back on the level of service and it will do that by two methods. One is by mandating curbside or curblin delivery of mail, or, in the alternative, cluster boxes.

I would have to reiterate, as I stated earlier this afternoon, that these forms of delivery service are totally unacceptable. The curblin delivery and cluster box delivery is unacceptable on a number of counts.

First of all, we will be, through Federal policy, frustrating what many city planners are attempting to do in their own communities and for no good reason at all.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to my colleague, the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman. I appreciate my colleague yielding.

I know he has been active in trying to make sure that the decisionmaking process encourages participation by the local city or local county governmental units when we determine whether there will be cluster box delivery or individual delivery. That should be encouraged on the basis of taking into consideration the zoning ordinances and other local conditions that are already established. That is on page 13 of the bill in section (B). If the Derwinski amendment is passed, that particular section would be deleted.

I think the gentleman from California is to be complimented for making sure we have the local decisionmaking groups involved in this issue. It is important across the entire country. I think the gentleman is correct in his effort to try to make sure that the local governmental units will be involved in the future and will continue to be involved in this decision process along with the Postal Service.

I think the point is well taken. We must retain the section.

Mr. MINETA. I thank my colleague, the gentleman from California (Mr. ROUSSELOT).

Mr. HANNAFORD. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to my colleague, the gentleman from California (Mr. HANNAFORD).

(Mr. HANNAFORD asked and was given permission to revise and extend his remarks.)

Mr. HANNAFORD. Mr. Chairman, I rise in support of the section in H.R. 8603 which prohibits the requirement of the placement of curbside or cluster post boxes when such placement is in conflict with local statutes.

This requirement that homeowners in new developments install curbside or cluster postal delivery boxes is a classic example of a national requirement being arbitrarily imposed on all communities without regard for local laws or circumstances.

Such a placement of mailboxes is illegal in many communities in my district, and for good reasons. Cars are parked almost solidly at curbside in many neighborhoods, making such delivery impractical and disruptive to passing traffic. Most new housing tracts are placing sidewalks immediately at the street curblin, requiring that the private citizen place a post for his privately owned mailbox in a city sidewalk, which violates the property rights of the individual and the city as well as city ordinances.

The dangers of such placement to

pedestrian traffic at night on dark sidewalks, the accidents of children, the dented car doors, the vandalism of mail under urban circumstances—all are reflected in my mail on the subject.

Mr. Chairman, on the constitutional grounds of the Federal Government requiring an individual to place his private property on city owned land, on economic grounds, on the basis of safety hazards and on the basis of common sense this is bad law badly arrived at.

I urge the adoption of the section in H.R. 8603 which prohibits the imposition of this most unwise requirement.

Mr. MINETA. Mr. Chairman, in addition to the reasons that have already been stated by my colleagues, curblime or cluster box delivery really becomes discriminatory against those areas which are already receiving door-to-door delivery of their mail.

Third, it is a hazard to safety. These boxes are unsightly and they are more susceptible to theft and vandalism. It becomes especially hard for the disabled and the elderly when they have to go some distance to the cluster boxes to get their mail. In addition, I do not have to mention that those who live in places where the weather is very inclement during the winter, it becomes another hardship.

Mr. Chairman, for these reasons I urge a vote in opposition to the Derwinski amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

The question was taken; and on a division (demanded by Mr. DERWINSKI), there were—ayes 12, noes 46.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SCHROEDER: On page 22, line 3, after the section designation "(9)" insert the designation "(a)"; and

On page 22, after line 9, insert the following:

(b) Section 3622(b) (3) is amended to read as follows: "(3) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type (including the costs caused by variability with volume, and all of the costs caused by the collection, transportation, processing, storing, and delivery of each class of mail or type of mail service), plus that portion of all other postal costs reasonably assignable to such class or type;"

Mrs. SCHROEDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

Mr. DERWINSKI. Mr. Chairman, I object. It is much too complicated a bill. I would rather have the gentlewoman's amendment read.

The CHAIRMAN. Objection is heard. The Clerk will read.

(The Clerk concluded the reading of the amendment.)

(Mrs. SCHROEDER asked and was given permission to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Chairman, let me explain what this amendment does. First of all, let me say that this amendment does not cost any money. It is an accounting measure for the future. As I read the Postal Reorganization Act of 1970, one of the things that Congress intended to do was to have the cost allocated to each class of service, as well as they could be, so we could look at each class of service and determine what kind of revenue they were taking in and what kind of costs were going out. This has not been done. There have been all sorts of different estimates; but in essence, the first-class mail user, who is not in an organized group, has been subsidizing the other classes of users to the tune of at least \$1 billion a year.

I think this amendment is important, because it makes sure that 70 or 80 percent of the costs of the postal services are attributed to the individual classes of mail, so we can then look at the rate structure. We can then look at the revenue and we can also look at their costs to determine what we might want to do in the future in terms of subsidies.

I think that one of the greatest frustrations any of us in this House have in dealing with the Postal Service is that everyone knows that something is terribly wrong. It is very difficult to go home and have thousands of constituents coming at us saying that something is terribly wrong, and they really do not want to hear a speech saying, "Yes, I recognize that something is terribly wrong."

The question is, what can we do about it? We do not know until we really have some kind of handle so that we can have a much more intelligent debate. I think what we are doing now is having an indirect subsidy. I think this indirect subsidy should be known, and if we knew what amount it was and to which classes of mail it goes to, we could have a much more intelligent debate.

As the Members know, in the past the users of first-class mail have never been organized and have never been able to make their case. There is some question as to whether the first-class postage stamp should not really be 8½ or 9 cents now if it were not for having to pick up these other costs. What has happened is that the Postal Service has decided to assign costs on the basis of whether or not the costs of a service, if it went up, might drive volume down. The one place volume cannot be driven down by competition

is first-class mail, because the Postal Service does have a monopoly on first-class mail. Therefore, the Postal Service can charge anything they want and there is no place else to go with first-class mail unless one wants to use the telephone or to do something else of that nature.

Actually, the price of first-class mail has gone up such that last year we have seen a little bit of a volume decline, and we may see even a greater decline. But, the real issue is to tell the Postal Service, in effect, to make much better accounting, to assign these costs in such a manner that we can sit here and determine who we want to subsidize directly—not indirectly. We should know that it will be out front and it will be a direct, clear choice that we have rather than suppositions.

Mr. ROUSSELOT. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentlewoman yielding to me. Actually, the language of the gentlewoman's amendment was really the intent of the Postal Reorganization Act, originally. What the gentlewoman is doing is really reinforcing that previous action in specific language so that the Postal Service will no longer be able to avoid a clear accountability of each class of mail. Is that not correct?

Mrs. SCHROEDER. That is precisely how I interpret it. I feel that was the intent of the Congress, and it spells it out so that we can no longer get vague answers from the Postal Service.

Mr. ROUSSELOT. What this mandates is that there be a more clear accountability, and does it mandate that they have each class of mail live within the revenue?

Mrs. SCHROEDER. No; it does not go that far. It mainly says that they must keep their books. At that point, we come back in another year to determine whether or not we are going to have a subsidy. We will know how much revenue is coming in and how much cost is going out for each classification, so that when we vote a subsidy, we would know what we are subsidizing.

Mr. ROUSSELOT. I wish the gentlewoman's language would include that last concept, but I do think this bill is a step in the right direction.

Mr. PRITCHARD. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask the gentlewoman from Colorado some questions. She is asking the Post Office to assign costs on different classes of mail.

Mrs. SCHROEDER. I am asking them to do it much more specifically. What we have been talking about are costs that are things such as collection, transportation, processing, storing, delivering on each class.

I think one of the classic examples is to use the example of the bulk mail centers which we have all heard so much about, which were not assigned to any class of mail but were put in the general classification. No first-class mail is going through the bulk mail centers, as everybody knows, so indirectly the first-class mail users are subsidizing the bulk of the bulk mail centers, I think that kind of thing has got to stop. If any business kept its books that way, it would go mad trying to figure out what its costs and revenues were. But they have been able to do it because of this monopoly on the first class. It has always been the slush fund that picks it up.

Mr. PRITCHARD. I would just say this to the gentlewoman from Colorado: The problem we have, when we start assigning costs against certain classes of mail, for instance, when it goes through the post office, we know there has to be a crew that takes care of first-class mail. And maybe they finished at 1 or 2 o'clock. And then from then on they are assigned third-class mail for the remainder of the day. How does one assign costs to that crew?

Mrs. SCHROEDER. What I have been saying is, what we have been doing is about 50 percent has been attributed. I think 70 or 80 percent could be attributed, and I am specifically listing certain things, such as transportation, those kind of items.

Mr. PRITCHARD. The problem we have for much of the services, we have to have that crew to handle first class, we have to have that carrier make his route. It does not take first class or second class away from the carrier, because he is usually underweight anyway. How does one assign that percentage? If we say, "All right, 30 percent or 40 percent of that mail carrier is third-class mail," we cannot say 30 percent by taking it away. I think one of the great traps we can fall into is thinking we can go back and assign different classes of mail and make it stick. We get into a great trap if we oversimplify the problem of assigning costs.

As a matter of fact, if we drive third- and second-class mail off, we will raise the cost of first-class mail.

Mrs. SCHROEDER. If the gentleman will yield further, I have gone into this very heavily, and I testified before the Postal Rate Commission. I think the gentleman would be a little shocked as to how casual they are in the allocation. I have done a lot of corporation work. I am surprised to see the way their books are kept. To say that if we took away second-, third- and fourth-class subsidies that indirectly we would have to raise first class, I do not think that is true. They are showing first class is subsidizing almost to the tune of \$1 billion

second, third, and fourth class. And so it is the reverse.

Mr. PRITCHARD. I think if the gentleman is attempting to have the study, fine. But I think it is a great mistake if the gentleman believes that by having this report come back that Congress is going to be able to sit and make the assignment and because of that assignment we are going to be able to lower the cost of first class. In effect, that is a fallacious argument and I do not think it will prove out.

I say to the Members they should be very careful when they go back to their districts and explain this. It is not that simple, and there is a lot of fallacious thinking going on in this Chamber over the cost of mail.

Mrs. SCHROEDER. If the gentleman will yield further, I do not think I guaranteed anyone that the cost of first-class mail will go down. I am saying at this moment it is extremely difficult, when one gets into the bookkeeping, to really assess anything. I am saying that if we are really serious about our oversight

duties, we have got to know a lot more about the accounting procedures and the cost allocation so that we can really find out where the problems are.

Mr. PRITCHARD. I will agree with the gentleman from Colorado.

The inference was left that if we got those assignments, somehow the cost of first-class mail will go down, and I do not think the Members of Congress should walk down that road, because I think there is a very good chance it will not go down. I agree with the gentleman that we ought to get the study.

Mrs. SCHROEDER. The gentleman said, I think, the cost would go up.

Mr. PRITCHARD. It is my opinion, when we get such a study, that the facts will bear me out.

Mr. MOTT. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MOTT asked and was given permission to revise and extend his remarks.)

Mr. MOTT. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Colorado (Mrs. SCHROEDER).

I think it is a great amendment. I associated myself with the efforts of the gentleman from Colorado (Mrs. SCHROEDER) when we filed as intervenors before the Postal Rate Commission in trying to keep the first-class mail rate down to a reasonable amount.

Judge Wenner, the administrative judge who recommended 8½ cents, stated very ably in his brief and decision that out of the 10 cents that the first-class user pays for the post office stamp to send his first-class mail, 2 cents thereof was subsidizing other classes of mail.

I think this is wrong. I think we should strike a blow here for the first-class user today. I believe by supporting this amendment we are going to do just that. I think it is wrong for the first-class user to be forced to pay a large amount in postage to subsidize other classes of mail.

Mr. Chairman, I believe, if the Congress feels in its collective wisdom that certain classes of mail should be subsidized, then we should authorize and appropriate sums to subsidize the second-, third-, and fourth-class mail, but it should not fall upon the shoulders of the first-class user. That is why I am suggesting we support the amendment offered by the gentleman from Colorado (Mrs. SCHROEDER) at this time.

Therefore, I entreat my colleagues in the committee to support the amendment.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. MOTT. I yield to the gentleman from Iowa.

(Mr. BEDELL asked and was given permission to revise and extend his remarks.)

Mr. BEDELL. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from Ohio (Mr. MOTT).

Mr. Chairman, as we debate the performance of the U.S. Postal Service, I think that it is essential to keep in mind that the major purpose of this agency is to provide postal services promptly, reliably, and efficiently to individuals

and businesses in all sections of the country.

Recently, I corresponded with Mr. Norman Halliday, Assistant Postmaster General of the United States, in regard to a complaint I had received from one of my constituents about the quality of mail service in this country. In his response, which I would like to include in the RECORD at the conclusion of my remarks, Mr. Halliday stated that studies have been conducted which indicate that most Americans are satisfied with their postal service, and that Postal Service officials "feel that there is a solid base of public trust in the mail service."

Implicit in this response was the impression that high level Postal Service officials not only believe that the public is generally pleased with the quality of the mail service they are receiving, but they also feel that they themselves are doing a good job in running our postal system.

I cannot judge the validity of Mr. Halliday's surveys. All I know is that many residents of my district, a basically rural area in northwest Iowa, are not satisfied with their postal service. This fact is evident from my mail as well as through discussions with disgruntled Iowans during my trips back home.

I understand that the Postal Service has experienced some financial problems as a result of forces which have been largely beyond their control. I hope that enactment of H.R. 8603 will help solve some of these problems.

At the same time, as the House Post Office and Civil Service Committee points out, much of the Postal Service's current financial crisis can be attributed to poor top-level management. This management has been marked by inefficiency and by rapid turnover of personnel. It has also been characterized by a disturbing insensitivity to the needs of its employees and a complete lack of any understanding of how management needs to be concerned with the lives of the people who work for them if they are to motivate those individuals to properly serve within their organization.

There is certainly no cause for complacency within the U.S. Postal Service, and I hope that the bill we are considering here today will promote more efficient and responsive operation of our postal system.

Mr. Chairman, I include a letter from the Postmaster General as follows:

THE POSTMASTER GENERAL,
Washington, D.C., September 22, 1975.
Hon. BERKLEY BEDELL,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BEDELL: Thank you for your letter of August 25, on behalf of Mr. Jim Whiting, taking exception to a statement made to him in a letter from our Office of Consumer Affairs concerning the relatively small number of complaints received in proportion to the total volume of mail handled.

While I would never want the impression to be conveyed that the Postal Service is complacent about services rendered, the statistics relayed in the letter are correct and speak for themselves. They are no doubt related to the fact that since early January we have been achieving overnight delivery of stamped local letters 95 percent of the time or better and meeting two- and three-day standards 90 percent of the time and more.

Last year, a Roper Survey was conducted independent of Postal Service sponsorship. It indicated that the public recognizes the bargain it is getting when it sends a letter. Of 12 basic services covered by the survey, mail service was picked as the best value for the money. Aside from mail service, others picked were doctors services, telephone service, life insurance, electricity, automobile insurance, hospital care, TV repair services, local property taxes, home repair service, automobile repair services, and Federal income taxes.

We feel there is a solid base of public trust in the mail service. The volume of mail and the fact that it is a part of virtually every person's life make irritations and complaints inevitable. Our challenge is to build upon the base of confidence and overcome the aberrations which disrupt good service and result in complaints.

Sincerely,

BENJAMIN F. BAILAR.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, my first reason for opposing the amendment is that it would have a disastrous effect on nonprofit mailers, in particular, churches and organizations such as the American Legion. This could send the attributable costs of that category of mailer up to 75 percent.

This is a matter that will be taken up by the Study Commission included in H.R. 8603, and in recognition of the complexity associated with it, I urge that the amendment be defeated and that the Study Commission be allowed to give it the time it deserves so that fairness would prevail and so that an equitable rate would be assessed.

I wish to remind the Members that the adoption of this amendment at this time would be disastrous in particular to the nonprofit mailers. During the course of our hearings, incidentally, it was virtually proven without doubt that if we pursue this course, it is going to be effectively put most of those mailers out of business.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the chairman of the full committee.

Mr. HENDERSON. Mr. Chairman, I thank the gentleman for yielding.

I wish to associate myself with the remarks made by the gentleman from New York (Mr. HANLEY) and with the position he takes on the amendment before the committee.

I am sure the gentleman would agree with me that the amendment and all the arguments in favor of the amendment are based only on the premise that an administrative law judge, who took over 5 months to consider this very complicated situation, came to the conclusion that costs ought to be allocated as he said rather than as the Postal Service proposed, and as the Rate Commissioners later agreed they should be.

This bill certainly gets at this problem, in my opinion, through the amendments with regard to the procedures of the Rate Commission. But surely the Congress ought not to make its legisla-

tive decision solely on the basis of a recommendation of the administrative law judge. The issue is extremely complicated, and I believe that we should give greater weight to the decision made by the Rate Commissioners, who have the direct responsibility under the law.

Mr. Chairman, I hope the amendment will be voted down.

Mr. HANLEY. Mr. Chairman, I appreciate the remarks of the gentleman from North Carolina (Mr. HENDERSON) and I thank him for his contribution.

Mr. DERWINSKI. Mr. Chairman, I

move to strike the requisite number of words.

Mr. Chairman, the House has already demonstrated this afternoon that it is firing at the target, the U.S. Postal Service, without really thinking through the tremendously complex fiscal structure of that institution.

The effect of this amendment would be to make it impractical for anyone to use parcel post service.

The parcel post rate would shoot up far beyond the point of utility. Another effect of this amendment would be to drive down first-class rates to a very intriguing figure, so much so that it would then have second- and third-class mailers find it far, far more profitable to utilize a new first-class rate.

After that, for practical purposes, one wipes out the distinction in mail classes, because once a first-class rate is paid, the item receives prompt delivery service.

We will find that new rate going up immediately, and at the end of it all, what we will have done, is to have wiped out the long-time structured Postal Service distinction between classes of mail. However, the consumer will actually pay more, in the end. This is a mandated major revamping of the rate structure with absolutely no figures whatsoever to justify its application.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes, I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I think that maybe the gentleman from Illinois (Mr. DERWINSKI) is overstating this just a bit.

Mr. DERWINSKI. That is a matter of opinion. The gentlewoman from Colorado is understating the matter. I may overstate, but that is only necessary to balance the obvious understatement.

Mrs. SCHROEDER. If the gentleman will yield further, I think it is very difficult for any of us to really attribute what will happen and what will not happen, but I find it incredible that we should not want this matter placed in front of us so that at a future time we can determine whether we want to subsidize second-class or third-class mail.

Mr. DERWINSKI. I think it is incredible that the gentlewoman from Colorado (Mrs. SCHROEDER) could offer an amendment admitting that she does not know the effect of what this will do to rates. She is actually putting the rate structure into near chaos, and the result will be total confusion for the users of every class of mail.

Mrs. SCHROEDER. I do not think we are putting the rate structure into chaos at all. I think we will finally bring forth the rate structure that the Congress mandated, and that is that each class,

each rate, would have costs related to the revenue that comes in, and at that time we could sit down and determine which one we are going to subsidize.

There has been all along a backdoor subsidy paid by first-class mail to the other classes of mail.

Mr. DERWINSKI. The amendment of the gentlewoman from Colorado does not say that. The language of the amendment is as follows: "... each class of mail or type of mail service bears the direct and indirect postal costs attributable to that class or type ..."

In other words, the amendment immediately mandates the application of cost all over again that had been attributable directly to various classes of mail.

The gentlewoman does not provide for alternatives. She does not provide for study.

The gentlewoman is providing, as a matter of rate policy, that this language immediately go into effect via the mechanism, of course, of the Postal Rate Commission.

Mrs. SCHROEDER. If the gentleman will yield further, that is, in essence, what the law is now.

Mr. DERWINSKI. However, the gentlewoman from Colorado, in her amendment, has the phrase "including the costs caused by variability with volume, and all of the costs caused by the collection, transportation, processing, storing and delivery of each class of mail or type of mail service ..."

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

(Mr. HINSHAW asked and was given permission to revise and extend his remarks.)

Mr. HINSHAW. Mr. Chairman, I think that the members of the Committee on Post Office and Civil Service, when they first received Judge Winner's decision on the postal rates then pending, were faced with the monumental task of not only analyzing that decision, but deciding how best to implement those recommendations if they concurred in the recommendations.

Mr. Chairman, the gentlewoman from Colorado (Mrs. SCHROEDER) is exactly right.

The present law now contemplates and provides that the accounting system of the Postal Service attribute costs to each class of service. The Post Office has taken the attitude they cannot attribute to any class of service approximately 50 percent of their costs. They take the totally naive and unsupported position they cannot even attribute the depreciation on fixed assets.

My good colleague, the gentleman from Washington (Mr. PRITCHARD) was talking to the effect that you could not identify costs. I submit that any person taking

an accounting course or any accountant, or even anyone associated with book-keeping would recognize we do have systems of cost accounting. That is why some businesses throughout the country are so good at avoiding in some cases

what proper income taxes are due and why they are so good at avoiding some of the intent of the laws which this Congress passes relating to antitrust, and that is why we have a very large number of Internal Revenue auditors that will try to ascertain whether or not the companies are following good cost accounting practices.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, I certainly endorse what the gentleman from California is attempting to say.

Any multiproduct corporation in America goes through a cost accounting exercise in determining and allocating fixed or variable overhead items to each of its product lines. This is, while somewhat complicated, a normal part of business. Therefore the Postal Service should be no different if we believe that costs should be borne fairly by those using the particular services.

I join with the gentleman from California and I commend the gentleman.

Mr. PRITCHARD. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from California.

Mr. PRITCHARD. Mr. Chairman, I appreciate the gentleman yielding to me.

Mr. Chairman, I think what I was trying to say was that it is very difficult to assign costs in the Post Office to different classes of mail when you have different factors such as the postman who carries the mail around on his delivery route.

Mr. HINSHAW. Is it the gentleman's contention that it is impossible of attributing all of the costs included in different classes of mail?

Mr. PRITCHARD. I am not saying it is impossible to do, I think it is almost impossible to do it accurately, and the double danger, of course, is that it will be done poorly or it will not be done accurately, when they are assigning costs back. I think without any question that it will wreck the Post Office and it will raise the price of first class mail if we were to follow the amendment of the gentleman from Colorado (Mrs. SCHROEDER).

Mr. HINSHAW. I would like to point out that the statement of the gentleman from Washington is in direct opposition to the ranking minority Member, where the ranking minority Member, the gentleman from Illinois (Mr. DERWINSKI) said it would have the effect of reducing the rate.

Mr. PRITCHARD. Will the gentleman yield on that point?

Mr. HINSHAW. I will be glad to yield to the gentleman.

Mr. PRITCHARD. It does reduce the rate to start with, but at that point the third-class mail is used as first-class mail and then you have the factor that in the first-class process it takes 13 steps and in the third-class process it take 6 or 7 steps. If you turn it around and put all in the first-class mail, that would mean, because of that lower rate, you take those 13 steps I mentioned, there will be a mess in the Post Office that will make the present record today look like nothing at all.

Mr. HINSHAW. It is my contention, Mr. Chairman, that most people, or most residential owners would love to get rid of all the so-called junk mail which is now delivered and subsidized by the first-class-mail user.

My primary responsibility, it seems to me, is to make sure that the first-class users of the mail are not, with the knowledge of this Congress, subsidizing every other user of the mail.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this amendment speaks directly to what the intent of the original law was. I admit that I did not vote for the original law, the Postal Reorganization Act, but this portion of the law I did support, and that is that there be accountability on the part of the Post Office Department for every single class of mail.

All the arguments here today relate to trying to determine whether the Postal Service is doing its job. Much of that argument is over the accountability of different classes of mail. We mandate in this Congress time and time again all kinds of accountability—in the oil industry and in many other industries. All we are asking here by this amendment is that there be an accountability for each class of mail. That was the law that was passed 5 years ago. This amendment merely says that they must present that to the Congress and others in a normal accountable way.

My colleague, the gentleman from Washington, has suggested that it is difficult sometimes to attribute the cost of one class of mail, say, to the delivery system, that is, the postman who walks down the street. Not at all. The postman can account for how much first class mail he has, just as in any delivery

system in the private sector that has diversified products or services, must account for its delivery activity.

In the telephone company they keep track of the kind of instruments that the delivery man puts into the system. It is accountable.

If we want to finally put a handle on what the Post Office Service is doing, this amendment is essential to provide that type of accountability. The management of, say a combination laundry and dry cleaner knows how much to attribute to the laundry service or the cleaning services, because they know how many pieces are taken by that delivery person.

So the gentlewoman from Colorado is merely following through on the original intent of the law. I suggest to my colleagues that if we want to have better accountability to our constituents as to the costs that are charged to each class of mail, we should clearly—vote for this amendment.

Mr. BRODHEAD. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Michigan.

Mr. BRODHEAD. I thank the gentleman for yielding.

However one comes out on this argument, I certainly would agree with the gentleman that this is an extremely common business practice. Every businessman in America has to learn, and does, how to allocate his costs. If somebody has a little hot dog stand, he has to keep track of what the hot dogs and the hamburgers are costing, so he knows what lines are making a profit or a loss. General Motors and every company does it from the smallest to the largest.

Mr. ROUSSELOT. I thank my colleague. If there is a concern somehow that this will destroy certain classes of mail being subsidized by this Congress, that is false. It will give us a better idea of what we are subsidizing or not subsidizing.

I wish to reemphasize that if my colleagues genuinely believe in accountability in the Post Office Department, they will support this amendment.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

I would just like to ask the gentleman a question. Now, as I understand it, fourth-class mail is parcel post, and it now receives a subsidy.

Mr. ROUSSELOT. According to my colleague, the gentleman from Illinois, there is a danger in passing this amendment because we might find out if there is in fact a subsidy attached to parcel post. I do not think there is a danger in that. Let us find out. The American pos-

tal patrons or customers would like to know.

Mr. SYMMS. If the gentleman will yield further, I have the honor to represent a very rural area. I suppose maybe some Members are not aware of the fact, but in some of the rural areas we have to go to the post office, which in some cases is quite a distance to pick up our parcel post deliveries. But a package can be mailed from here through UPS to any destination in Idaho or any other destination around the country, and they will be delivered to the proper address.

Mr. ROUSSELOT. So what the gentleman is expressing is the proper point that in some cases the private market system is already providing better and more complete services to rural areas.

Mr. SYMMS. If the gentleman would yield further, I wish the gentlewoman's amendment went one step further and deleted the subsidy for fourth-class mail, because the post office is trying to make it almost impossible for UPS to compete by going out and subsidizing fourth-class mail.

Mr. ROUSSELOT. What the gentleman's point brings out is that in fact if there is a subsidy with a given class of mail, we will know that, and the gentleman is making the point that in the case of parcel post in some areas of the country, we do not even have to be concerned about whether the regular postman is delivering that class of mail because he is not.

So that helps answer the argument and concern of our colleague, the gentleman from Washington. That accountability is not always possible when it is.

Mr. SYMMS. I would like to ask the gentleman one further question if he will yield further.

Mr. ROUSSELOT. I yield to the gentleman from Idaho (Mr. SYMMS).

Mr. SYMMS. I thank the gentleman for yielding further.

Actually the third-class mail is a proper service for the Postal Service.

Mr. ROUSSELOT. My understanding is that it creates a surplus in most areas beyond the cost. It is not a profit but it creates a surplus beyond the cost in delivery of that system primarily because the people who are users of that third-class category perform some of the services that are performed by the post office personnel themselves in other cases.

Mr. SYMMS. I would like to point out that third-class mail is not the junk mail but the second-class and fourth-class mail if anything would be considered junk mail. But it would isolate the costs of classes 1, 2, 3, and 4 so we would have the facts made available to this body.

Mr. ROUSSELOT. I appreciate the

comments of my colleague.

Mr. PRITCHARD. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Washington (Mr. PRITCHARD).

Mr. PRITCHARD. Mr. Chairman, in the gentleman's interpretation of this amendment when would the changes in the cost of the mailing go on?

Mr. ROUSSELOT. I do not think the gentlewoman mandates any changes in the cost. What the amendment does, as I read it, is say there will be accountability of each class of mail, and then she goes on in her amendment to make sure she has enumerated the variable costs that should be taken into consideration, such as volume, cost caused by collection, transportation, processing, storing and delivery of each class of mail or type of mail service. I think what the gentlewoman has tried to do is to make sure that those factors are used in the calculations.

Mr. PRITCHARD. If I thought that is what the amendment did I would not be arguing against it, but the way I read the amendment is that it says:

The requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type . . .

Mr. ROUSSELOT. Right. That is what the gentlewoman said.

Mr. PRITCHARD. The amendment mandates it.

Mr. ROUSSELOT. It mandates the accountability absolutely and I think we need it. It does not mandate that the classes all pay their own way. I asked that question of the gentlewoman from Colorado. I will be glad to yield to her again, but her amendment does not mandate that they live within those costs, but she merely mandates that they describe what those costs are.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, all I am trying to do is mandate that the costs, direct and indirect, are to be considered as part of those costs of each class. It is incredible to me that that has not already been done in the past.

Mr. PRITCHARD. Mr. Chairman, if the gentleman will yield further, the effect of this amendment will be to mandate the cost.

Mr. ROUSSELOT. The amendment mandates accountability.

Mr. PRITCHARD. I realize what the gentleman is describing and talking about trying to do, but I believe it would mandate the cost.

Mr. ROUSSELOT. I believe the gentlewoman has done exactly what the amendment says, that is mandate ac-

countability for each class of mail. I believe that is a reasonable purpose. I encourage my colleagues to support this position.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the last word and I rise in opposition to this amendment.

(Mr. FORD of Michigan asked and was given permission to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Chairman, I wish we had had an opportunity during the period we were handling this bill in the committee to discuss this amendment because I think even members of the committee who are seeing it for the first time now are somewhat confused. The present situation is similar to what happened to us on the Alexander amendment. The amendment sounds good if we do not look at it too closely.

It might be said that there is something basically wrong with a system where only one class of mail pays for itself. I have heard it over and over again and I used to say it myself until for the first time I was forced to begin to understand why we have this fantastically complex rating system in our Postal Service. Everybody accepts as an article of faith the fact that first-class mail pays its own way.

What people who are not really familiar with the Postal Service fail to note, however, is that only 85 percent of first class pays its own way and makes a profit. That is the 85 percent that is basically business mail going by first class.

In rural free delivery, there is no place in this country that we can carry a first-class letter on RFD and break even. That first-class letter costs us money. It costs us money to take the mail from one side of the city to the other, when it is addressed from one individual to another who mails one letter every 6 months.

When somebody in an insurance company or a real estate business drops a ton of mail in one truck for delivery, that is what leads to the profit in first class. So let us disabuse ourselves of the idea that everybody that buys a first-class stamp pays his way.

One of the things not contemplated by this amendment, but which we might experience if we went to this kind of tight stricture on this class of mail, would be to go the route advocated by a former Postmaster General, who we were glad to see leave. That was to create two classes of first-class mail. That would be to let the person on the rural route pay what it actually costs for the service of delivering it to him, and it could well result in not having any service going to those parts of the country. The other would be to let the person in New York who writes to his family in California to

pay the cost of that individual letter.

Now, what the Schroeder amendment does it not, as has been suggested by the gentleman from California (Mr. Rousse-
lor), carry out the original intention that both the gentleman and I agreed was wrong at the time, by the way, of people proposing a postal corporation and saying that the corporation should break even. The Schroeder amendment goes further. It not only says that every class of mail will break even, but it will have only one way to break even and that is to raise the rates. What it means pure and simple is that every class of mail right now, except first-class mail, which I have already explained is nearly 85 percent business generated, will increase. Therefore, we will have a dramatic rate increase for all other mail immediately. There is no discretion left, because this language expands the present language which says that the Postal Rate Commission shall, in addition to other factors, base its rate decision on—

... the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type.

The "costs attributable" are magic words. They are not simple words. They are artful words in the business of setting rates for carrying mail.

The Schroeder amendment would add to the above language:

... including the costs caused by variability with volume and all of the costs caused by the collection, transportation, processing, storing, and delivery of each class of mail or type of service.

In effect, the Schroeder amendment is going to increase rates for a lot of mail other than first class, by the "costs attributable" which have always been 50 percent. If that sounds complicated, it is complicated. There has been a universal agreement that we cannot attribute more than 50 percent of what this building costs. I am using the well right now, but I am the only one in the room talking. How do we attribute the costs to all the Members not present, the citizens who are not present? That is what we are asking the Postal Service to do and arbitrarily they have determined over the years that 50 percent cost attributable for indirect costs made some sense. That means in effect we cannot hurt by more than 50 percent the ones where we have made a mistake. The Schroeder amendment would increase that to 80 or 90 percent.

Those Members who have supported us on the floor in our attempts to get a break for fourth-class mail for libraries, for example, are going to kick out and vitiate what we did in the past.

I am sure all of us approve of carrying mail for the blind free; we do not at-

tribute the cost of that very bulky mail for the blind, because it is Braille. Could we attribute 90 percent to it?

Go home and boast that you are going to put the Post Office on a paying basis by having 100-percent cost attributable to everything. Go back and tell the people in the local parish next month when they are told that the third-class special rate they have for mailing out an envelope that is used to collect the contributions for the church they will now have to go out at 13 cents, instead of 6 cents.

Go tell the organizations like the veterans' organizations, some of whom spend almost all their postage on raising money for disabled veterans, that we are going to double the rate.

Mr. Chairman, I have already mentioned a few of the potential victims of this amendment, such as the blind. Another would be the handicapped.

But if we examine former section 4358 we see that it would affect a great many more nonprofit groups—from religious groups to fraternal groups, such as the Lions Clubs, the Elks, and the Rotary.

It would affect both nonprofit agricultural publications—such as the publications and mailings of the the Future Farmers of America, to nonprofit labor groups, such as the National Farmworkers Union.

It would hurt the veterans organizations, such as the AMVETS, American Legion, and the Veterans of Foreign Wars. It would hurt State governments who mail out publications such as Arizona Highways and other highway and State planning publications.

It would also raise rates for educational and scientific publications and mailings, and for program announcements and articles published by educational radio and television stations.

It would even hurt rural electrical cooperatives.

That is the effect that the Schroeder amendment will have.

In light of her experience on the Armed Services Committee where she enjoys the reputation of being an outspoken opponent of the big special interest defense industry corporations, I am surprised that the Member from Colorado would support this amendment.

I would like to ask her how she feels these groups will be able to compete with these powerful special interests in the future if we set them back to zero now—especially in light of the new stringent budget limitations.

THERE ARE MORE REASONS TO OPPOSE THIS AMENDMENT

I am opposed to the adoption of the amendment because it would constitute a giant step backwards on the road to the achievement of a fair and equitable rate schedule. The amendment would re-

verse the decision made by the Congress in the passing of the Postal Reorganization Act in 1970 in two important respects; it would require an approach to postal rate making exactly contrary to the one now required by the act, and would severely curtail the independence of the Postal Rate Commission.

The rate provisions of the act were included, in part, as a result of assurances by the Postal Service that it had adopted a new costing system which, as I have already stated, demonstrated that approximately 50 percent of total postal costs could be casually attributed to particular types of mail. This new system was adopted in response to severe criticisms by the Congress and others—most notably the Kappel Commission—that previous costing methodologies produced arbitrary and uninformative results. It was with this background that the Congress adopted section 3622(b)(1) of the act which limits the minimum costs to be borne by particular classes and types of mail to those costs which can be demonstrated to have been caused by such classes and types of mail. These ratemaking provisions were intended to introduce rationally into the ratemaking process and to permanently scuttle the arbitrary dividing up of postal costs among the classes of mail even though such divisions could not be shown to be based upon any valid economic costing concepts.

I was particularly pleased that, in its recommended decision issued just this last August, the Postal Rate Commission followed the intent of Congress in construing the ratemaking provisions of the act. I quote from that decision:

The statute that Congress enacted requires us to distinguish between attributing costs on a casual basis and assigning the remaining mass of common costs which benefit all or a limited number of services. The key to this distinction lies in an analysis of cost behavior which will lead to a separation of the costs caused by the classes and services from all other costs. (Emphasis in the original.) p. 93.

The amendment offered would, of course, do away with this principle of cost causality now embodied in the act, as it has been so well stated by the Commission. Under the amendment, postal costs would once again be arbitrarily apportioned among the classes of mail in defiance of any sound economic concepts.

This attempt to turn away from a rational approach to ratemaking should be rejected. The costing approach which would be required by the amendment would not only make it impossible to set rates that would permit the "maintenance of a fair and equitable schedule" as required by section 3622(b)(1) of the act, but would also make it impossible for the Postal Service to operate in a rational

manner by using demand and market considerations in the assignment of that portion of postal costs which cannot be shown to have been caused by particular classes or types of mail. Far from prohibiting the Postal Service from establishing its rates in a manner consistent with that which would be followed by a prudent business, the Postal Service and the Postal Rate Commission should be encouraged to use market and demand considerations as a major factor in the establishment of rates. Only by so doing will the Postal Service be able to achieve quality mail service for all of the American people.

There is a second danger in the amendment. By irrationally requiring attributable costs to include specific types of postal costs it would deprive the Postal Rate Commission of any real independence by depriving it of the ability to apply expert and impartial economic judgments in determining attributable costs and mail rates.

Mr. Chairman, for all these reasons, this attempt to reverse the ratemaking criteria of the act, destroy the independence of the Postal Rate Commission, and completely devastate the special rate structure we have established for the publications of nonprofit organizations should be defeated.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(On request of Mrs. SCHROEDER and by unanimous consent Mr. FORD of Michigan was allowed to proceed for 1 additional minute.)

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I would just like to say that I really think that again this has been way overstated. There is absolutely nothing here saying that this Congress cannot vote a subsidy for braille. I would be for 100 percent subsidies for braille. There is absolutely nothing saying that when we look into costs and how they are attributed, that we cannot vote those things.

I think it will really help us determine that because there is a lot of confusion about who is supporting what, and so forth and so on. I also think that the gentleman is overstating what this amendment does, because currently the law says—and this is the current law as it now stands:

The requirements that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type . . .

That is what it says. My amendment goes a little further to define and pin down a little more direct and indirect

costs. I think, as in the case of the bulk mail centers, there certainly is not something that should be assigned to first-class mail, but that is something that could clearly be attributed to the cost of one specific class which uses it.

Mr. JOHN L. BURTON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask the gentlewoman from Colorado what her amendment does, because I have never in my political life been on record as kicking blind people in the teeth. I would not ever in my life vote to stop churches from sending out their collection envelopes. I would not do many of the other things, and I have never kicked a dog, to the best of my recollection. I once did step on a cat's tail. That is the one thing, if I understand it, that I will not be accused of in my district if I vote for this amendment.

As I understand the amendment, it merely requires them to come back to the Congress and make a report. Is that what it does, or does it say that they must raise rates?

Mrs. SCHROEDER. No, it says nothing about raising rates and nothing about reports. It only states how they must keep their books, which will help the Congress next year when we deal with the subsidy issues, because for the first time we will have a much clearer picture of how much income comes in from each class of mail.

Mr. JOHN L. BURTON. This year I think there was a subsidy, as some Member said before the Alexander amendment was voted on, of \$1.7 billion. We do not know where that money would, in effect, be going to subsidize—which section of mail.

Mrs. SCHROEDER. And it is clear that probably the first-class mail has been indirectly subsidizing some of the other classes. However, the gentleman is not going to be kicking anybody in the other classes, and he is not going to be doing anything. It is just that next year at this time, we may have to determine how much we want to subsidize some of the other classes, and I think that since the gentleman's mother raised him well and he does not kick dogs or hit blind people—I do not either—at that time we can determine which ones we want to subsidize and which ones should pay higher rates, but it will be a clear choice for us.

Mr. JACOBS. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to the gentleman from Indiana.

Mr. JACOBS. Mr. Chairman, did I understand the gentleman to say that the minute this amendment passes, many churches will stop sending collection envelopes?

Mr. JOHN L. BURTON. That is what the gentleman from Michigan said. I was concerned because I think it is a good

amendment, but I certainly would not want to go back to my district and say that I voted against blind people.

Mr. JACOBS. I thank the gentleman.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, I do not want to spoil the gentleman's fun and—

Mr. JOHN L. BURTON. I get a little nervous when the gentleman lays heavy trips like that on an amendment like this.

Mr. FORD of Michigan. I am sorry I understated the seriousness of the amendment. The problem I have with the gentlewoman from Colorado is with what her amendment says but not on what it does. She has just suggested to this House what it does is really just a little bookkeeping.

If the Members look at the section of the statute, we are not playing games, we are amending the law. The law we are amending is the characteristics that must be taken into account, and the way in which they are taken into account in setting rates for mail.

The effect—and there is no one on this staff who does not agree, I think—is to dictate every class of mail except first class mail will be raised to carry its own weight.

Mr. JOHN L. BURTON. Mr. Chairman, it is my time, and I decline to yield further. In other words, the gentleman is making the case that first class mail is subsidizing every other class of mail.

Mr. FORD of Michigan. I am making the case that some part of first class mail is subsidizing all the rest of the mail, yes, that is correct. Those are deliveries made to help libraries, schools, institutions, blind people.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. JOHN L. BURTON. I will yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding to me. This does not mandate that the rates automatically will be increased in any area where that rate is not carrying the cost of that particular class. That remark is false. This amendment does not do that.

My colleague from Michigan has replied that would be the effect of it. It is not. The effect is still up to the Congress and the Postal Service.

We wish to provide a subsidy to the blind and we are not providing a 90 percent subsidy for the mailing of blind items, that is false. The cost of that item is more than 90 percent, by the way.

It would not mandate an increase in the rates. I think the record should be clear on that. This amendment does not

do that. It clearly follows the intent of the original law that there be a better accountability of each class of mail.

By the way, the rate commission now tries to have the Postal Service provide that kind of accountability, but they have been somewhat reluctant to attribute all costs of different classes of mail.

So the gentleman in the well is correct and he can be assured that this will not increase the cost of the various classes of mail unless the Congress wants to do so.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in about sixty seconds I just want to reiterate the significance of this amendment. We are dealing with an extremely complex subject, one that has puzzled a great many minds who have taken a great deal of time to resolve it.

What I am asking is that we defeat this amendment, and thereby thrust into the hands of the study commission, which will be implemented resultant from the passage of this bill, the challenge and the mandate to get into the subject matter and give it the time it deserves, as opposed to we, in the space of a few short minutes on the floor, making a determination that could have some very, very serious ramifications.

Mr. Chairman, I will guarantee the Members if this suggested amendment passes, that within a week we will be inundated by all of the publishers, who are representing subscribers, who are going to be adversely affected by the result of this amendment.

Once again I ask that we be a little bit patient, that we put the matter of cost authorization into the hands of this study commission who will give it the time and the attention it deserves.

For that reason I ask that we defeat the Schroeder amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mrs. SCHROEDER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. ROUSSELOT. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. SIMON

Mr. SIMON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIMON: Page 14, strike out line 19 and all that follows through page 22, line 2, and insert in lieu thereof the following new sections:

SEC. 3. (a) Chapter 36 of title 39, United States Code, is amended—

(1) by striking out subchapters I, III, and IV;

(2) by redesignating subchapter II as subchapter I, and by redesignating subchapter V as subchapter II;

(3) by redesignating sections 3621 and 3622 as sections 3601 and 3602, respectively, by redesignating sections 3623 as section 3604, by redesignating sections 3626 and 3627 as sections 3605 and 3606, respectively, and by redesignating section 36.1 through section 3685 as section 3621 through section 3625, respectively; and

(4) by striking out sections 3624, 3625, and 3628.

(b) Subchapter I of chapter 36 of title 39, United States Code, as so redesignated by subsection (a), is amended by inserting immediately after section 3602 the following new section:

“§ 3603. Changes in rates and fees

“(a) The Postal Service may make one change in postal rates and fees during any fiscal year, in accordance with the provisions of this section.

“(b) (1) Except as provided by paragraph (4), if the Postal Service proposes an increase in any class of postal rates and fees in any fiscal year, and the percentage increase in such rates and fees is greater than the percentage increase in the price index during the preceding fiscal year (as certified by the Secretary of Labor under subsection (e)), then the Postal Service shall publish such proposal in the Federal Register and transmit such proposal, together with any other proposed changes in any class of postal rates and fees, to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Post Office and Civil Service of the Senate, no later than 30 days after such certification, for review in accordance with the provisions of this subsection.

“(2) In any case in which the Postal Service is required in any fiscal year to transmit a proposed increase in any class of postal rates and fees, the percentage increase of which is greater than the percentage increase in the price index during the preceding fiscal year, to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Post Office and Civil Service of the Senate under paragraph (1), no proposed changes in any class of postal rates and fees, whether or not any such proposed change constitutes an increase which is greater than the percentage increase in the price index during the preceding fiscal year, may take effect during the period es-

tablished under paragraph (3) for consideration of such proposed increase by each such committee.

“(3) (A) Any proposed increase in any class of postal rates and fees, the percentage increase of which is greater than the percentage increase in the price index during the preceding fiscal year, which is transmitted by the Postal Service to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Post Office and Civil Service of the Senate in accordance with this subsection may take effect, upon 10 days notice published by the Postal Service in the Federal Register but no earlier than 60 calendar days of continuous session of the Congress after the proposed increase is transmitted, unless either such committee, during such 60-day period, disapproves such proposed increase through appropriate action.

"(B) The continuity of a session of the Congress is broken only an adjournment of the Congress sine die. Any day on which either House is not in session because of an adjournment of more than 3 days to a day certain is excluded from the computation of the 60-day period.

"(4) The Postal Service, in making any change in the rate of postage for any class of mail established in accordance with the second sentence of section 3604(c), may round off to the nearest whole cent the rate established by such change. In any case in which such action causes the increase in such rate to be greater than the percentage increase in the price index during the preceding fiscal year (as certified by the Secretary of Labor under subsection (e)), the Postal Service shall not be required to transmit a proposal with respect to such change under paragraph (2).

"(c) If the Postal Service proposes an increase in any class of postal rates and fees in any fiscal year, and the percentage increase in such rates and fees is equal to or less than the percentage increase in the price index (as certified by the Secretary of Labor under subsection (e)), then such rates and fees may take effect 10 days after the Postal Service publishes notice of such rates and fees in the Federal Register. Any proposed increase which is subject to the provisions of this subsection shall take effect no later than 30 days after such certification. If the Postal Service fails either to transmit a proposal under subsection (b) (1) or to place such increase in any class of postal rates and fees into effect during such period, the Postal Service may not make any change in such class of postal rates and fees during the fiscal year involved.

"(d) If the Committee on Post Office and Civil Service of the House of Representatives or the Committee on Post Office and Civil Service of the Senate disapproves a proposed change in any class of postal rates and fees under subsection (b) (3) (A), the Postal Service may place into effect, at such time as it determines during the fiscal year involved, any change in any class of postal rates and fees if such change is not subject to disapproval by such committees in accordance with the provisions of subsection (b) (3) (A).

"(e) At the beginning of each fiscal year, as there become available necessary data from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall certify to the Postal Service the per centum difference between (1) the price index for the 12 months preceding such fiscal year; and (2) the price index for the next preceding 12-month period.

"(f) For purposes of this section, the term 'price index' means the average over a 12-month period of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics."

(c) Section 3604 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(1) by striking out subsections (a), (b), and (c), and inserting in lieu thereof the following new subsections:

"(a) The Postal Service shall establish a mail classification schedule, and from time to time may make changes therein, in accordance with the policies of this title and the following factors:

"(1) the establishment and maintenance of a fair and equitable classification system for all mail;

"(2) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;

"(3) the importance of providing classifications with extremely high degrees of reliability and speed of delivery;

"(4) the importance of providing classifications which do not require an extremely high degree of reliability and speed of delivery;

"(5) the desirability of special classifications from the point of view of both the user and the Postal Service; and

"(6) such other factors as the Postal Service may deem appropriate.

"(b) The Postal Service, before making any change in the mail classification schedule, shall transmit such proposed change to the Committee on Post Office and Civil Service of the House of Representatives and the Committee on Post Office and Civil Service of the Senate. Any such proposed change may take effect no earlier than 60 calendar days of continuous session of the Congress after such proposed change is transmitted, unless either such committee, during such 60-day period, disapproves such proposed change through appropriate action. Computation of such 60-day period shall be made in accordance with the provisions of section 3603(b) (3) (B)."; and

(2) by redesignating subsection (d) as subsection (c).

(d) Section 3602 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(1) by striking out subsection (a);

(2) by striking out that portion of subsection (b) which precedes paragraph (1) and inserting in lieu thereof the following: "Changes in rates of postage and fees for postal services shall be made by the Postal Service in accordance with the policies of this title and the following factors:"; and

(3) in paragraph (8) thereof, as so redesignated by this subsection, by striking out "Commission" and inserting in lieu thereof "Postal Service".

(e) Section 3605 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(1) by striking out "this subchapter" the second place it appears therein and inserting in lieu thereof "section 3603"; and

(2) by inserting immediately after "so that" the following: "notwithstanding sections 3602 and 3603".

(f) (1) Section 3601 of title 39, United States Code, as so redesignated by subsection (a), is amended by striking out "Governors are" and inserting in lieu thereof "Postal Service is".

(2) Section 3606 of title 39, United States Code, as so redesignated by subsection (a), is amended by striking out "3626" and inserting in lieu thereof "3606".

(3) Section 409(a) of title 39, United States Code, is amended by striking out "Except as provided in section 3628 of this title, the" and inserting in lieu thereof "The".

(4) Section 2003(e) of title 39, United States Code, is amended by striking out "and, subject to the provisions of section 3604 of

this title, all of the expenses of the Postal Rate Commission".

(5) Section 2401(c) of title 39, United States Code, is amended by striking out "3626" and inserting in lieu thereof "3605".

(6) Section 3621 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(A) by striking out "after proceedings in accordance with the provisions of section 3628 of this title"; and

(B) by striking out "subchapter II" and inserting in lieu thereof "subchapter I".

(7) Section 3622(c) of title 39, United States Code, as so redesignated by subsection (a), is amended by striking out "subchapter II" and inserting in lieu thereof "subchapter I".

(8) Section 3624 of title 39, United States Code, as so redesignated by subsection (a), is amended—

(A) by striking out "Governors" and inserting in lieu thereof "Postal Service";

(B) by striking out "3627" and inserting in lieu thereof "3606"; and

(C) by striking out "3682 and 3683" and inserting in lieu thereof "3622 or 3623".

(g) The table of sections for chapter 36 of title 39, United States Code, is amended to read as follows:

"Chapter 36.—POSTAL RATES, CLASSES, AND SERVICES

"SUBCHAPTER I—RATES AND CLASSES OF MAIL

"Sec.

"3601. Authority to fix rates and classes.

"3602. Rates and fees.

"3603. Changes in rates and fees.

"3604. Mail classification.

"3605. Reduced rates.

"3606. Adjusting free and reduced rates.

"SUBCHAPTER II—GENERAL

"Sec.

"3621. Reimbursement.

"3622. Size and weight limits.

"3623. Uniform rates for books; films; other materials.

"3624. Limitations.

"3625. Filing of information relating to periodical publications."

Sec. 4. The General Accounting Office shall no later than 3 years after the date of the enactment of this Act, transmit a report to each House of the Congress which shall contain a review of the operation of amendments made by section 2, together with recommendations with respect to whether such amendments should remain in effect.

And redesignate the following sections accordingly.

Page 22, line 3, strike out "Section 3622 (b)" and insert in lieu thereof "Section 3602".

Page 22, line 10, strike out "Section 3626" and insert in lieu thereof "Section 3605".

Page 23, strike out line 17 and all that follows through page 24, line 13.

Page 24, strike out the material which appears immediately below line 13 and immediately above line 14.

And redesignate the following sections accordingly.

Page 24, strike out line 14 and all that follows through page 25, line 14.

Page 25, strike out the material which appears immediately below line 14 and immediately above line 15.

And redesignate the following sections accordingly.

Page 26, strike out line 1 and all that follows through line 23.

And redesignate the following sections accordingly.

Page 29, beginning on line 5, strike out "particularly the functions and responsibilities of the Postal Rate Commissions."

Page 29, line 8, strike out "If the".

Page 29, strike out line 9 and all that follows through line 11.

Page 29, line 12, strike out "viewed independently outside the Postal Service".

Page 29, line 20, strike out "section 3622 (b)" and insert in lieu thereof "section 3602".

Mr. SIMON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SIMON. Mr. Chairman, very simply, this amendment does this: It abolishes the Postal Rate Commission and says that postage rates cannot go higher on an annual basis than the Consumer Price Index, unless the Postal Service gets the okay or does not get a negative reaction from the Postal Committee of either the House or the Senate.

This amendment, I point out, was approved by a majority of the Members present in the committee. However, through proxies—and my friends will understand this—this amendment was defeated. But it is very interesting that in the subcommittee and in the committee not a single Member suggested that there is a useful function performed today by the Postal Rate Commission.

I woke up this morning and heard that the Postmaster General was denouncing those of us who are trying to save small post offices. That interested me a great deal, because I feel these small post offices perform a useful function, while, in my opinion, the Postal Rate Commission performs no useful function whatsoever. If we want to get rid of a useless body, this is our opportunity to do it.

The Postmaster General, incidentally, in a talk to the Postal Forum earlier this year, on September 10, 1975, said this:

Our goal has been to keep our rates at or below a level which is consistent with the growth in the Consumer Price Index.

We are simply asking that the Postmaster General and the Postal Service follow what they say they can do.

Mr. Chairman, I had hoped the gentleman from Texas (Mr. COLLINS) and the gentleman from California (Mr. ROUSSELOT), both of whom supported this amendment in the committee, would be here. There are some of my colleagues here who heard the discussion we had in the committee. There was a feeling in the committee that this is the direction in which we ought to be going.

I would be pleased to answer any questions that my colleagues might have. I believe this is a sensible way to save money. We ought to be moving in this direction.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my colleague from California (Mr. CHARLES H. WILSON), who has pioneered in this field.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I would like to compliment the gentleman and state to him that I agree with him when he says that the Postal Rate Commission should be abolished. As a matter of fact, we might even get the gentleman from Illinois (Mr. DERWINSKI) to support us on this, because the Postal Service, too, would like to see the Rate Commission abolished, I believe.

About 2 months ago I had a demonstration available here. I had copies of all the transcripts that the Postal Rate Commission has compiled in the two rate cases they have been working on. The transcripts were piled several feet high, and they were so wide. As a matter of interest, the last hearings before the Committee on Post Office and Civil Service here in the House, when we considered the rates, were only this high. There was a great deal more accomplished by this committee than by the boondoggle we had with these attorneys, who are the only ones who are making out under the Postal Rate Commission.

I think this is a fine amendment, and I believe the Members ought to consider it very seriously.

Mr. COLLINS of Texas. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my friend, the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Chairman, I want to commend the gentleman from Illinois (Mr. SIMON) for his courage and the way he has fought this amendment all the way through. This is one of the best things that has come to the attention of Congress this year.

This amendment would get rid of one of these extra bureaucratic, revenue-spending commissions we do not need; it gets rid of a commission that accomplishes nothing. This is one of the most constructive steps I have seen.

When we really get right down to it, it is up to the post office over here to set the rates. They have simply set this organization up as sort of a buffer, but it does not serve as a buffer; as a matter of fact, it does not accomplish anything.

Mr. Chairman, the gentleman from Illinois has been consistent and courageous in following this up. I think it is very important that what the gentleman said should be taken into account concerning the hearings in the committee.

After the debate in the full committee, the majority of those members present voted in favor of the gentleman's amendment.

Mr. Chairman, I hope the House adopts the amendment.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is a matter that I have discussed with the author of the amendment, and I am reluctant to oppose it. However, I must oppose it, although I share the gentleman's frustration with the Postal Rate Commission, as does the Postmaster General.

However, contained in the language of this bill is a very emphatic mandate that will change, for instance, the procedure which requires that the entire process be limited to within a 10-month period, as opposed to the open-end that it has had since the implementation of the act.

The language of the bill also would require that the commissioners be subject to Senate approval.

I must remind that one of the irritating factors associated with this is that, unfortunately, the President himself has violated the spirit of the law in this instance, inasmuch as the law says that there cannot be more than three members of a political party on this commission at one time.

The spirit of the law was broken in this manner, that seated on that commission are three Republicans, a conservative, and an independent, overlooking the fact that there is a Democratic Party prevailing in this Nation. It was unfortunate that the President saw fit to do it that way, and it certainly wreaked havoc on the image of that commission and made it look quite political.

Nonetheless, as I said to the gentleman from Illinois, it is the intent of this subcommittee to very soon call before it for testimony the Rate Commission along with the Board of Governors so that each will have a very clear view of what their responsibility is in this all-important matter.

It appears that there had been but very little in the way of communications between both, so that there is a misunderstanding that prevails.

We believe that the language of the bill before us tightens up that procedure very well. We will, for instance, replace the adjudicatory-type hearing with a legislative-type hearing, which is going to diminish the legal fees associated with the present procedure.

There are a number of other things written into the language of this bill, all intended to make that Postal Rate Commission do a far better job, and I believe that it can.

I again reiterate to the gentleman from Illinois that it is our intent to conduct these hearings. We will be glad to use his amendment, if he chooses to in-

introduce it as a separate bill, as a vehicle for these hearings so that again we do not move in the direction of doing something rash and then have to ultimately back up, shift gears, and try to correct a horrendous error.

Again, Mr. Chairman, reluctantly I oppose the gentleman's amendment. I ask that it be defeated.

It is kind of ironic here today that a great deal of criticism has been thrust in the direction of the U.S. Postal Service. Yet, the language of this particular bill gives the U.S. Postal Service much more power than it has today, from the standpoint of the ratemaking process. For what it is worth, the Consumer Price Index is not the vehicle to use in this rather complicated procedure, so we are being inconsistent or we would be inconsistent if we accepted the amendment in the light of all of the criticism that has been hurled at the U.S. Postal Service throughout the course of this day.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. Yes, I yield to the gentleman from Illinois.

Mr. SIMON. Mr. Chairman, I was just wondering whether the gentleman is aware of the statement by the Postmaster General that they propose to live within the Consumer Price Index. That being the case, what possible function is there for a Postal Rate Commission?

That is all my amendment would mandate.

Mr. HANLEY. What the gentleman said in that instance and what he proposes with respect to the Rate Commission are two separate things.

Mr. SIMON. If the gentleman will yield further, I am well aware of that.

That is the reason for the adoption of the amendment, so that we put some restriction in here in order not to have 3-cent increase.

Mr. HANLEY. Mr. Chairman, if I may add to what I said before, again, the adoption of the Alexander amendment makes it quite simple for the Postal Rate Commission to act because they no longer would have to be concerned with overhead in the sense that they are per the law of 1970.

Once again, Mr. Chairman, I ask that the amendment be defeated.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, may I point out that here again we are engaged in what I think is a legislative overkill. I did not support the Postal Rate

Commission in its 5 years of nonachievement but if we abolish the Postal Rate Commission we will put the Congress back into ratemaking. When we put the Congress back into ratemaking then we put the Congress back into fixing personnel costs. And that is not what we want and that is the reason we stepped away from it logically some years ago.

The bill before us has a number of provisions relating to the Postal Rate Commission that are very workable. They are the one part of the package that the gentleman from New York (Mr. HANLEY) and many of us completely agreed upon.

As much as I appreciate the immediate short term gain and the economies, et cetera, that will be achieved by wiping out this new little bureaucracy. The alternative adds to the complication, the alternative being to give the Post Office the right to set rates. But the whole trend this afternoon seems to be returning to congressional control, and it provides that the Congress would ultimately be called upon to approve such rate increases.

It seems to me that this is not, in the long term, in the best interests of the Postal Service. I do not think we want to go back into a ratemaking and all the other things that stem from it.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Illinois.

Mr. SIMON. Mr. Chairman, the gentleman from Illinois is aware that Congress would not be put back into the ratemaking process so long as they are below the Consumer Price Index?

Mr. DERWINSKI. That is right.

I am also aware that the Consumer Price Index is not a true and accurate barometer on which they could base their rate increases, given their, for example, let us say, generosity with their postal employees which contract with them. I am sure their requests for rates would be eminently more than that dictated by the index. And they would base it on the fact that the Congress would certainly wish to approve their generosity to their employees.

That is where we were back in the early 1960's when we used to vote on a package of rate increases combined with salary increases for the postal employees. And I dreaded to think how the galleries would be totally packed with postal employees in their post office uniforms looking down on us in the well while we were deciding what their next pay increase would be.

Mr. SIMON. If the gentleman will yield further, is it not also true that it is not the body in the well of the House but it is the House committee and the Senate

committee that would be the only bodies involved under this amendment if they would ask for something in excess?

Mr. DERWINSKI. Frankly, Mr. Chairman, I cannot conceive of the other body accepting that part of the gentleman's amendment, or even that the Congress as a whole would tolerate the two committees having special veto powers or extraordinary powers.

May I say that that is why I am arguing against the gentleman's amendment rather than attempting, for example, to strike any particular clause.

Mr. SIMON. One final question, Mr. Chairman. Is it not true that the gentleman voted for this amendment in the committee?

Mr. DERWINSKI. I may have done so at the time, I really do not recall it, but if I did it was with the diabolical attempt to complicate the bill and it was not with the intent to embrace the resolution from a position of heart and mind.

Mr. SIMON. I should comment, I believe, that I think it was from a position of greater wisdom at the time that the gentleman voted for the amendment in the committee.

Mr. DERWINSKI. Mr. Chairman, really the amendment puts the Congress back in ratemaking. That is the basic fear that I have.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HINSHAW. Mr. Chairman, I move

to strike the requisite number of words.

(Mr. HINSHAW asked and was given permission to revise and extend his remarks.)

[Mr. HINSHAW addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. SIMON).

The question was taken, and on a division (demanded by Mr. SIMON) there were—ayes 18, noes 21.

Mr. SIMON. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Mr. HANLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and

the Speaker having resumed the chair, Mr. FLOWERS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes, had come to no resolution thereon.

October 30, 1975

CONGRESSIONAL RECORD—HOUSE

POSTAL REORGANIZATION ACT
AMENDMENTS OF 1975

Mr. HANLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from New York.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8603, with Mr. FLOWERS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before the Committee rose on Monday, September 29, 1975, the committee amendment in the nature of a substitute, printed in the bill as an original bill for the purpose of amendment, had been, by unanimous consent, considered as read, printed in the RECORD, and open to amendment at any point.

Are there further amendments to the committee amendment in the nature of a substitute?

AMENDMENT OFFERED BY MR. HANLEY

Mr. HANLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANLEY: Strike out section 2, as amended, in its entirety, and insert in lieu thereof the following:

SEC. 2. (a) Section 2401 (b) (1) (G) of title 39, United States Code, is amended to read as follows:

"(G) for each fiscal year after fiscal year 1984, an amount equal to 5 percent of such sum for fiscal year 1971, except that the Postal Service may reduce the percentage figure, including a reduction to 0, if the Postal Service finds that the amounts are no longer required to operate the Postal Service in accordance with the policies of this title.

(b) Paragraph 2 of subsection (b) of section 2401 of title 39, United States Code, is amended to read as follows:

"(2) (A) As further reimbursement to the Postal Service for public service costs incurred by it, there is authorized to be appropriated to the Postal Service for the period commencing on July 1, 1975, and ending on September 30, 1976, an amount not to exceed \$1.5 billion.

"(B) Beginning with the fiscal year ending September 30, 1977, there are authorized to be appropriated to the Postal Service, as

further reimbursement for public service costs incurred by it, subject to annual authorizations by law, such additional amounts as may be determined to be necessary for an efficient, service-oriented Postal Service."

(c) Section 2401(b) of title 39, United States Code, is amended by adding the following paragraphs:

"(4) (A) Except as provided in subparagraph (B) of this section, the Postal Service shall provide door delivery or curbside delivery to all permanent residential addresses (other than apartment building addresses). The Postal Service shall provide door deliver in any case in which the unit of general local government having jurisdiction over the address involved has adopted zoning ordinances in the interest of protecting the public safety which restricts the construction of maintenance of any structure on the property adjacent to the curbside.

"(B) The Postal Service may provide cluster box delivery service for any permanent residential address in any case in which a unit of general local government having jurisdiction over such address specifically approves the provision of such cluster box delivery service.

"(5) Appropriations made under the authority of this subsection shall not be expended or utilized in such a manner as to effect a reduction of more than 10 percent in the applicable postal rates or fees established under chapter 36 of this title for zone-rated mail matter formerly entered under former chapter 67 of this title.

"(6) The Postal Service, in requesting an amount to be appropriated under this subsection, shall present to the appropriate committees of the Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of this title and a comprehensive statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds required for the operation of the Postal Service."

(d) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a recommended decision, bearing Docket Number R76-1, except that such temporary rate or fee may not exceed the lesser of (A) the rate or fee requested for such class or service; or (B) a rate or fee which is more than one-fifth greater than the permanent rate or fee in effect for that class or service at the time a permanent change in the rate or fee of such class or service was requested under section 3622 of title 39, United States Code, by the Postal Service in its request bearing Docket Number R76-1.

On page 26, strike out Section 14 in its entirety and redesignate the following section accordingly.

Mr. HANLEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ALEXANDER. Mr. Chairman, reserving the right to object, and I am not pleased to object, Mr. Chairman, but because of the nature of the amendment, and because of the importance of it to this body, I am constrained to object. Further, Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. Objection is heard.

A point of order will be reserved on the amendment by the gentleman from Arkansas.

The Clerk will read.

(The Clerk concluded the reading of the amendment.)

POINT OF ORDER

Mr. ALEXANDER. Mr. Chairman, I reserve a point of order that the amendment in the nature of a substitute offered by the gentleman from New York (Mr. HANLEY) is not in order in that it seeks to change an amendment that has been previously adopted in the Committee of the Whole.

The CHAIRMAN. Does the gentleman from New York wish to be heard on the point of order?

Mr. HANLEY. Mr. Chairman, in opposition to the point of order, while it is generally true that an amendment once agreed to may not be modified, the parliamentary situation at the present time dictates otherwise.

I cite from section 28.6 of chapter 28 of Deschler's Procedure in the U.S. House of Representatives:

§ 28.6. While an amendment which has been agreed to may not be modified, an amendment to strike it from the bill with other language of the original section and insert new text is in order. 118 Cong. Rec. 16848, 16852, 92d Cong. 2d Sess., May 11, 1972 [H.R. 7130].

It appears clear, then, that my amendment is indeed in order.

The CHAIRMAN. Does the gentleman from Arkansas desire to be heard further on his point of order?

Mr. ALEXANDER. No, Mr. Chairman.

The CHAIRMAN (Mr. FLOWERS). The gentleman from Arkansas (Mr. ALEXANDER) has made a point of order against the amendment offered by the gentleman from New York (Mr. HANLEY) on the basis that section 2 has been amended and, thus, further amendments thereto are not in order.

On September 29, 1975, the Committee adopted the Alexander amendment to

section 2 of the bill. At that time the Chairman noted that the amendment was a perfecting amendment to section 2, altering parts thereof and leaving other provisions unchanged. While it would not be in order at this time to offer an amendment to the Alexander amendment, nevertheless, an amendment striking from the bill that amendment together with other language of the original bill and inserting new text is in order and, therefore, the point of order is overruled.

The gentleman from New York is recognized in support of his amendment.

(Mr. HANLEY asked and was given permission to revise and extend his remarks.)

Mr. HANLEY. Mr. Chairman, the amendment I am offering today is intended to be a compromise with the Alexander amendment adopted in September. As mentioned in a letter sent to all Members this week, the Alexander amendment had several far-reaching implications which were not at all evident at the time it was adopted. That amendment simply said that all Postal Service funds had to be appropriated annually and that all revenues from stamps and services be placed directly into the Treasury. It did not provide for annual authorization as apparently intended.

Mr. FORD of Michigan. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Sixty Members are present, not a quorum.

The Chair announces that pursuant to rule XXIII, clause 2, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The Chair recognizes the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Chairman, if the Alexander amendment is allowed to stand, it would place the Postal Service in immediate and severe financial jeopardy, cripple the process of collective bargaining, remove the incentive for a reasonable rate structure and in the long run cost far more than H.R. 8603, as it was reported from the committee.

On the cost factor, I want to remind the House of this, that we are providing

* \$1.5 billion. Under the Alexander amendment, the cost factor increases to about \$4 billion. Remember that.

Now, my amendment completely rewrites section 2, thus eliminating the Alexander amendment. It will provide for the strong Congressional oversight required by all of us without some of the dire consequences of the Alexander amendment. It would first authorize an additional \$1.5 billion in public service appropriations for only fiscal year 1976. This would comprise approximately \$900 million, which the Postmaster General requested and which the committee feels is necessary because of the current dire financial condition of the Postal Service, and approximately \$600 million to finance a reduction in the proposed temporary postage rate increase.

Definitively, what we are doing, we would be reducing the pending rate hike from 33 percent to approximately 20 percent. It would prohibit, as I have already said, an increase of more than 20 percent on the next proposed temporary rate increase which is due on the 28th of December of this year.

It would have the effect of reducing the proposed first class stamp rate from 13 cents to 12 cents. It would require annual authorizations for all public service appropriations which exceed the current authorized levels. It would require the Postal Service to make a public accounting before the appropriate committees of the Congress regarding all of its revenues, expenditures and operations. It would provide by law mail delivery standards, including local government option on curbside or cluster box delivery.

Thus, with only 1-year authorization, the Postal Service will have to come to the substantive committees and to Congress for authorizing legislation. We are being financially responsible for providing funding for a ceiling on the next rate increase. This proposal is more than fair and viable. It authorizes much needed additional funds. It gives Congress a greater role in postal budget and policy matters, and it provides for a measure of great relief.

There are many other factors that will be discussed during the course of the next few minutes. I am confident that the gentleman from Washington (Mr. ADAMS), as chairman of the Budget Control Committee, will take to the well with a pronouncement, in effect, reversing what he said on the occasion of the previous consideration of the bill on the basis of that cost factor, which would have the effect of costing the taxpayers approximately \$2½ billion more than the provisions that we are incorporating into this language.

Mind you, the Postmaster General has indicated that without the \$920 million he is not going to have sufficient money to run the institution, so on one hand the Congress says to him, "You cannot increase rates," and on the other hand we are saying to him, "We are not going to give you the money."

So, how in the world do we expect the gentleman to run that operation?

Now, we have accommodated the gentleman from Arkansas (Mr. ALEXANDER) and we have put a great deal of effort into the authorization language. We are providing what I think is the exact intent of his. Yes, the Postal Service is—and for what it is worth, I have been probably the most severe critic of the

management of the Postal Service—the Postal Service under the conditions and language of this amendment will be forced to come to the Congress each year.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. HENDERSON and by unanimous consent Mr. HANLEY was allowed to proceed for 3 additional minutes.)

Mr. HANLEY. I thank the gentleman.

Mr. Chairman, I think it fair to say that at the time this was previously considered, we operated in an atmosphere of virtually total hostility to the U.S. Postal Service, understandably so, because of the stupid policies of that institution. I think, as I have said, there is some good in everything, and I think that resultant from what has happened 2 weeks ago, we are going to see a marked change in the policies of that institution, whereas they are going to be more responsive and they are going to react to the representatives of the people when a constituent problem is brought to their attention.

So, there is good reason for that hostility which prevailed here, and hopefully we are going to put the reason for that to rest. As I say, that institution is going to come up here every year and rationalize its request for money.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I hope the gentleman will account for what he claims will be this extra add on cost. If the Alexander amendment stays in place, which merely requires an accountability through Congress and the appropriation process. Where is this extra \$4 billion of costs going to come from?

Mr. HANLEY. If the gentleman will allow me to respond, under the provisions of this amendment, we are providing \$1.5 billion.

Mr. ROUSSELOT. Additional?

Mr. HANLEY. May I respond? We are providing for \$1.5 billion. Essentially, \$900 million would be to coincide with the Postmaster General's request, and the other \$600 million to underwrite the difference between the 33 percent rate hike and 20 percent.

The gentleman asked the question: Where did the difference between \$4 billion and \$1.5 billion come from?

Under the provisions of the Alexander amendment, all of the revenues accrued to the Postal Service would flow into the U.S. Treasury. And, on the other hand, all of the obligations of overhead of that institution would become the total obligation of the U.S. taxpayers.

We anticipate and, according to postal figures, this would amount to about \$4 billion.

What we are doing here under the provisions of the amendment offered by the gentleman from Arkansas (Mr. ALEXANDER) is providing the Postmaster General with a blank check, with no bridles. Why would he have to produce efficiently within the agency when all he has to do is hand the bill to the Committee on Appropriations and say, "Pay it, taxpayers"? And it amounts to \$4 billion, as opposed to \$1.5 billion as it would have been in the instance if my language is adopted.

Mr. ROUSSELOT. If the gentleman will yield further, I would prefer that there be total accountability before the Congress, which is supposed to control the purse strings.

Mr. HANLEY. Apparently the gentleman did not hear me. I said that incorporated in this is an annual authorization.

Mr. ROUSSELOT. If the gentleman would yield further, I do not think the gentleman has explained where, suddenly, these additional obligations of \$4 billion are going to appear. Are they now hidden? Are they now not accountable to Congress?

Mr. HANLEY. Mr. Chairman, one can only attempt to explain, and the good Lord provides an individual with the ability to accept an explanation. I have tried hard. I have told the gentleman that under the provisions of the Alexander amendment we are providing the Postmaster General with a blank check, which would have the effect of producing an additional \$2½ billion obligation to the U.S. taxpayer.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. ALEXANDER, and by unanimous consent, Mr. HANLEY was allowed to proceed for 2 additional minutes.)

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. I thank the gentleman for yielding. First of all, I would like to thank the gentleman for the courtesy that he has extended to me in an effort to negotiate the differences between those Members who were supportive of my amendment in September and members of the committee who did not vote for my amendment. I appreciate the courtesy the gentleman has extended to me.

The gentleman said in his remarks that my amendment cripples the process of collective bargaining. Would the gentleman point out to me and to this body how this amendment, which this body adopted in September, cripples the process of collective bargaining?

Mr. HANLEY. I would be delighted to, and there is a very simple explanation. I wish the gentleman would tell me how the USPS can negotiate a labor contract when it has no idea with regard to its future revenues.

Mr. ALEXANDER. If the gentleman will yield further, I would be glad to answer that question.

Mr. Chairman, under the authority of the Postal Reorganization Act of 1970, power and authority is granted to the U.S. Postal Service to enter into collective-bargaining agreements and to consummate those agreements.

My amendment in no way infringes upon or alters or in no way mitigates that authority and in no way affects the authority of the Postal Service to fulfill its obligations as prescribed in the Reorganization Act of 1970.

Mr. Chairman, it is true that under my amendment the Postal Service would have to come to Congress annually, submit a budget, ask for authorization or additional funds and then go through the process of negotiation that every other agency does. Other agencies do not seem to have difficulties in entering into contracts that extend for more than a year for procurement for services, for labor, for other things that are necessary in order to run this Government. And I submit to the gentleman that my amendment does not in any way alter the authority of the Postal Service to enter into or consummate collective-bargaining agreements.

Mr. HANLEY. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(On request of Mr. FORD of Michigan, and by unanimous consent, Mr. HANLEY was allowed to proceed for 2 additional minutes.)

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. I thank the gentleman for yielding. I think the problem has just been illustrated very well by my friend, the gentleman from Arkansas (Mr. ALEXANDER), my fellow regional whip.

The gentleman has just demonstrated that it is really not his intention to do what his amendment says by his failure to understand how collective bargaining works in the Federal Government. At the root of it is the fact that his amendment does something different than what he thought it would do.

First, there is no other Federal agency that has the same kind of collective bargaining relationship that the employees of the Postal Service have with USPS, because we created that relationship in specific provisions in the Postal Reorganization Act. The collective bargaining agreements that are reached with other Federal agencies do not cover wages, for example. In the reform act, Congress legislated away its power to set wages in the Postal Service.

A lot of Members who voted for the Alexander amendment thought they were voting to get back control of the Postal Service. We took back the part of the cow that eats but did not take back the part of the cow that gives the milk.

In short, that is exactly what the Alexander amendment has done to us, because the management over there and the postal unions are still going to be negotiating wages, and then they will come to us and say, "OK, Congress, it is up to you to provide the money to run the Postal Service."

If they negotiate a pay increase over there and we come up with 10 percent less than the Postal Service asks for, they will still have to pay the increased wage rates for employees under their control. That is the problem we have. The negotiating process is crippled, because the Postal Service would not be in a position to make a binding contract for more than a year at a time or even for a year in advance. If they did so, they would have to take the chance that the authorization would not meet their expectations.

In other words, they would have to negotiate the contract first, and then the postal unions would have to come in here and lobby the Congress to finance the contract they had negotiated before the Postal Service would sign it.

Mr. Chairman, if we want to get back into that old ball game and have the wages set by the employees lobbying instead of by using the collective bargaining process, the Alexander amendment that is in the bill will do that for us. To prevent this we must adopt the amendment offered by the gentleman from New York (Mr. HANLEY).

Mr. HENDERSON. Mr. Chairman, I move to strike the requisite number of words.

(Mr. HENDERSON asked and was given permission to revise and extend his remarks.)

Mr. HENDERSON. Mr. Chairman, I very strongly urge the Members of the Committee to consider very carefully the position of the Committee on Post Office and Civil Service on the amendment before us. I will take a moment to suggest that, according to the advice we have received as to other amendments that are coming later, equal care needs to be exerted by each and every Member of this body. It is quite clear to us on the committee what the Members of Congress want to do, and we want to help them do that.

However, considering the confusion that we think was present in the committee when the Alexander amendment was adopted, and the apparent lack of attention at this time, as chairman of the committee I feel it incumbent on me to caution the Members, and to plead with those Members who are attentive, to caution their colleagues that they should know what they are doing. Let us not simply vote for amendments unless we understand the implications of the amendment.

I urge the House to support the Hanley compromise for two very important reasons. The members of this committee and of this subcommittee have worked very hard to try to put into the Hanley amendment what we believe the sponsor of the other amendment, the gentleman from Arkansas (Mr. ALEXANDER), intended when he offered his amendment the other day, and that is to insure that the Congress exercises regular oversight over the Postal Service to prevent waste, inefficiencies, and cost overruns, which the gentleman from Arkansas so vividly and so well pointed out at the time his amendment was adopted.

Certainly I want to commend my good friend, the distinguished gentleman from Arkansas (Mr. ALEXANDER), for his intense interest as one who is not a member of our committee. Sometime I wish he would volunteer for that service.

Second, I believe that the Hanley amendment avoids the pitfalls which a careful analysis of the Alexander amendment has brought to light. Among them is the failure of the Alexander amendment to require annual authorization of funds although its sponsor apparently intended that result. Although the Alexander amendment limits the availability of appropriations, it does not limit the power of the Postal Service given to them by the Reorganization Act to enter into contracts which are binding upon the Treasury of the United States.

Let me say it in another way. It may be an oversimplification, but there are two ways to pay the bills in the Postal Service. The first is from their revenues. The Alexander amendment would say that those revenues should be taken and put into the General Treasury. The other way is from appropriated funds.

When we provided for the organization of the Postal Service, we determined that the public service feature of the Postal Service would be \$920 million, and that is a continuing authorization.

Our contention is, with the Hanley amendment, that those revenues that they generate ought not to be taken away from them. The \$920 million, our commitment to public service, ought not to be taken away from them.

Then we further say that we believe that the rate increase proposed at 33½ percent is a little bit too much. We ought to keep it at 20 percent all the way across the board. However, if we are going to restrict revenues on the cost side or revenue side, we have to give them additional funds on the other side.

Therefore, we say, going along with the proposal of the gentleman from Arkansas (Mr. ALEXANDER) that all above that \$920 million that is now authorized by law, will be annually authorized by a legislative committee. The Members of the Congress, the House, and Senate, will have their input. There is where we will tell them to quit doing what they have been doing and that they shall do what we want them to do.

Mr. Chairman, I point out to my colleagues that that is the clear intent of the Hanley language. There is no question about it that the review of our committee will go to their stewardship of the revenues produced from rates and from their appropriated money. Subsection 6 of the Hanley amendment requires that "the Postal Service, in requesting an amount to be appropriated under this subsection, shall present to the appropriate committees of the Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of this title and a comprehensive statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds required for the operation of the Postal Service."

The committee, if the Members will adopt the Hanley substitute, will annually review the expenditures of the Postal Service, their performance, and we will bring to the Members the authorization each and every year so that the Members of Congress can be sure of effective oversight of the Postal Service.

We all want a better postal service for the American people—one which will be more responsive to the general public's needs, and answerable to the mandates of the Congress as they are from time to time expressed in legislation and committee oversight reports and recommendations. I believe the Hanley compromise achieves that important goal, and I urge my able colleague from Arkansas, and the whole House to accept this substitute.

The Hanley compromise is preferable to the Alexander amendment because it approaches the problem of congressional oversight in a positive manner rather than reverting to a system which, for maintaining an efficient and progressive postal system, has already been tried and found wanting.

The Hanley compromise requires that when the Postal Service needs more funds than current revenues and previously authorized appropriations produce, it shall come to the legislative committees of the House and the Senate and present a detailed proposal justifying the appropriations request, as well as a comprehensive review of all postal operations. If the request is approved, funds may be appropriated.

The Alexander amendment, on the other hand, requires that the Postal Service go through the process of annually submitting a budget request to the Appropriations Committees, which do not have legislative jurisdiction, for the annual appropriation of their operating budget.

We used that system for a century, and the result was the gradual breakdown of the postal system which led to the enactment of the Postal Reorganization Act in 1970. The inherent weakness in that system is that it precludes long-range planning, modernization of postal facilities, or any other long range program to improve postal services which cannot be paid for in 1 year's appropriation. What is done this year can all too easily be undone next year. The usual result of that old system was that the priorities of the Postal Service had little appeal to the Bureau of the Budget, which slashed their requests for modernization funds year after year, and then even further cuts were made on Capitol Hill, thus severely hampering any real progress towards true postal modernization.

I see no hope for achieving the kind of postal system that the people want, and which Congress expects, by going back to that old method of annual appropriations for all postal operations.

I agree with my colleagues who voted for the Alexander amendment that the Postal Service must change its attitudes to appreciate the legitimate concern of

Congress. The public is not getting what it wants, and public policy must be carried out. I insist upon that result, but I believe the method proposed in the Alexander amendment will not achieve that result.

A second progressive feature of the Hanley compromise is that it helps resolve the immediate financial problems of the Postal Service by authorizing \$900 million to pay the fiscal 1976 deficit, as requested by the Postmaster General, and also authorizes an additional \$600 million to reimburse the Postal Service for the revenue which will be lost by limiting the next temporary first-class rate to 12 cents rather than 13 cents. That will give the Postal Service the breathing room it needs in its current financial crunch.

I do not believe anybody here wants a 13-cent stamp at Christmas, or a 15- or 16-cent stamp next year just before the election, but that may be the result if immediate action is not taken to finance the Postal Service's deficit for fiscal 1976, and put a lid on the rates which will become effective December 28. The Hanley compromise invites funds for future fiscal years if then authorized by Congress, and in that manner careful and continuous oversight of postal operations will be assured.

I urge my colleagues to support the Hanley substitute.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, there are several reasons that many of us are concerned about this new position of my colleague, the gentleman from New York (Mr. HANLEY). The amendment by Mr. HANLEY does not simply undermine the budget process that we have tried to set up in this Congress to prevent this kind of deficit financing but it also adds \$1.5 billion to its deficit. The Committee on the Budget of this House basically opposes an add-on deficit of \$1.5 billion that this amendment will cause.

Now, already appropriated by this Congress, for this year, is a deficit for the Post Office of \$1.5 billion. We are already covering all the public service subsidies that this Congress as a whole has decided to appropriate. This will add \$1.5 billion not appropriated for, not accounted for by the Budget Committee. There is no place in the President's budget, it is not anywhere, it is an add-on deficit that we will be voting for if we support this amendment.

My colleague, the gentleman from Washington (Mr. ADAMS) has said that the Budget Committee has said that this is an add-on deficit. But my good colleague and friend, the gentleman from New York (Mr. HANLEY) who is also trying to bail out the city of New York—and we are familiar with his encouragement to try to get this Congress to come to the rescue of his city—has offered this amendment. But my belief is, if we accept this amendment—

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will yield to the gentleman in a moment. My colleague asked to finish his own statement, and the gentleman took better than 10 minutes, so I will finish my statement and then I will yield to the gentleman.

Mr. Chairman, my colleague the gentleman from New York (Mr. HANLEY) has asked the House that we add \$1.5 billion of deficit financing which the Post Office can utilize above and beyond their \$11 billion of revenue that we already have.

So if we vote for this amendment, we will not only negate the effect of the Alexander amendment to bring back the appropriation control of the Post Office to this body—and what is wrong with that? Why should we forego the responsibility of appropriating and debating this right here on the floor of the House of Representatives? But, aside from negating that action of my colleague the gentleman from Arkansas (Mr. ALEXANDER) which I think was an appropriate action, we will be adding \$1.5 billion to the postal deficit for this fiscal year of 1976.

This will make the total deficit for the Post Office in fiscal year 1976 over \$3 billion. I do not think that is a worthwhile expenditure for the Post Office because already they have for this fiscal year's revenue, including the deficit that we have already appropriated, \$12 billion. And that includes the money for the postal workers that has been negotiated. That is all covered. So why would we want to add another \$1.5 billion?

My colleague, the gentleman from New York (Mr. HANLEY) says:

Well, if we do not negate the Alexander amendment, there suddenly is going to appear an additional \$4 billion.

Well, where is it? That has not been accounted for by the Budget Committee.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will yield in a minute I wish to finish and then I will yield to the other gentleman from New York and then I will yield to the gentleman (Mr. GILMAN).

Mr. Chairman, what is wrong with the

Congress reviewing this in the appropriation process?

I do not understand the logic of my good colleague the gentleman from New York (Mr. HANLEY) that there is some hidden \$4 billion if we have to go through the appropriation process.

Then, fine, let us review it, let us find out what it is, the Post Office management has not come to this Congress or to our committee and told us what this additional \$1.5 billion, which will increase the deficit for this year by over \$3 billion, will be used for and we will be buying this without even knowing.

I urge my colleagues not to add an additional \$1.5 billion to a deficit we have already given them in the appropriation process. I think they ought to be able to get along on a \$12 billion expenditure. That is, in effect, what we have already approved. Why do they need \$13.5 billion? I do not think that has been justified before our committee.

I have just talked to the chairman of our committee. The gentleman informs me that the Post Office has never submitted to us the justification of the Postmaster General's statement that we need some more public service money. It has never been justified. I appeal to my colleagues: Do not vote for this amendment and add another \$1.5 billion to a service that is not performing now.

Now I will be glad to yield to my colleague, the gentleman from New York (Mr. HANLEY).

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed 2 additional minutes.)

Mr. ROUSSELOT. Now I will yield to my colleague from New York (Mr. HANLEY) who is a very articulate spokesman.

Mr. HANLEY. I thank my good friend, the gentleman from California, for yielding.

I just want to clarify one thing. The gentleman related to the problem of New York. I am not from the city of New York.

Mr. ROUSSELOT. I know that.

Mr. HANLEY. I am from upstate. We will clarify that, so my interest is not parochial on that subject matter. I have one other clarification on the same subject matter.

Mr. ROUSSELOT. I did not suggest it was parochial.

Mr. HANLEY. That State is not asking for a bailout, but it is asking for a backup.

Mr. ROUSSELOT. It is asking for a backup.

Mr. HANLEY. The gentleman knows what that is.

Mr. ROUSSELOT. I am glad that is corrected.

Mr. HANLEY. Again I would hope that the gentleman would read my amendment.

Mr. ROUSSELOT. I have read it.

Mr. HANLEY. I would hope that the gentleman would read it again. Apparently he does not have the point. The point is that I am providing for the amortization that the gentleman from Arkansas (Mr. ALEXANDER) sought, and that the gentleman from California sought when he supported it. We do have that authorization process, whereas the institution will be coming in to the Congress to rationalize every penny that it asks of the U.S. Treasury. I make the point once again that we are giving the Postmaster General that blank check through the Alexander amendment, whereas all revenues accrue, and along with it, on the other hand, the U.S. taxpayer picks up the total operation for the overhead of the USPS, or a \$2½ billion figure in excess of what we are talking about here.

What we are talking about here, incidentally, returns \$600 million of it to the taxpayers via a reduced postal rate. I would hope very much that the gentleman would spend sometime with the amendment.

Mr. ROUSSELOT. I have studied the amendment. I wish to assure my colleague from New York (Mr. HANLEY) that I have studied the amendment at great length, and I am very much concerned about the add-on deficit of \$1.5 billion above and beyond the \$1.5 billion we have already given them in deficit financing this year.

Now to answer the gentleman's query about giving the Postmaster General a blank check, exactly the opposite is true. Under the Alexander amendment, he must come before the Congress, both the authorization committee and the Committee on Appropriations, to justify the add-on deficit. I think that is an appropriate process. The Congress does it for every other agency of the Federal Government. I think my colleague, the gentleman from Arkansas, understood fully what he was doing when he offered that amendment. It is a good check and balance against unwarranted spending, or spending that the Congress does not understand.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

Am I correct that the Postal Service already has an appropriation this year for \$1½ billion?

Mr. ROUSSELOT. Of deficit financing above their regular revenues which run well above \$10 billion, so the total is almost \$12 billion of an authorized expenditure for this year. The gentleman is correct, and it would be \$13.5 billion if we pass the amendment offered by the gentleman from New York.

Mr. GILMAN. Am I correct that the gentleman made a statement that the Postmaster General has not justified the additional sum of money that is now being requested by way of the Hanley proposal?

Mr. ROUSSELOT. He may have justified it to somebody, but the chairman of the committee has just informed me that he has not written a letter and asked for it; there has been no written communication; there has been no hearing before our committee; there has been no hearing before the Committee on Appropriations. If he needs that money, and if he can account for it, I am sure the committee will give it adequate consideration. But we are voting in the dark here today for an additional deficit of \$1.5 billion, and that does not in any way insure that our mail service will be any better than it is right now.

Mr. GILMAN. If the gentleman will yield further, has any provision been made in either the President's budget or the congressional budget for this increased amount of \$1.5 billion that is being sought by this legislation.

Mr. ROUSSELOT. No. It is not provided for in the congressional budget. The Budget Committee chairman informs us it was not considered by them. It has not been reviewed, and there has been no review of it any place in Congress, and it was not in the President's budget.

Mr. GILMAN. Has the Office of Management and Budget requested this additional funding?

Mr. ROUSSELOT. No. The Office of Management and Budget informs us they are totally mystified by this amendment and add-on deficit of \$1.5 billion.

Mr. GILMAN. Mr. Chairman, I wish to join in the remarks of the distinguished gentleman from California (Mr. ROUSSELOT) and urge that this amendment be defeated until we have adequate evidence of why the Postal Service needs these additional amounts and until such time as the Postal Service can justify its request.

Mr. ROUSSELOT. I thank my colleague.

I also urge my colleagues not to negate the vote that we took here for the Alexander amendment. The procedure called

for by that amendment is part of our normal process of appropriations. I think it was an appropriate amendment, and I hope that we make it stick.

Mr. ALEXANDER. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

(Mr. ALEXANDER asked and was given permission to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Chairman, as I was leafing through my postal file this morning, reading letters from Montana and Maine, from California and New York, letters from all across the country, letters from 40 States—one central theme was common.

All were sincere Americans pleading with a Representative of their government to reform the Postal Service.

They all seem to say the same thing: Americans are tired of the inefficiency, waste and favoritism that has been demonstrated over the past 5 years by the Postal Service at their expense.

And, that the U.S. mail has become dominated by a postal establishment that has abandoned the principle of service to the people.

I have heard from the other side as well. In most every instance people who favor the status quo are those who profit from the present arrangement, and they are not the people who were intended to be served by the Postal Reorganizational Act of 1970.

My amendment puts the Postal Service back into the annual authorization and appropriations process required of most other government agencies. Then it must report on the full range of its operations annually to the appropriate congressional committees and justify its needs.

My amendment eliminates the automatic \$920 million annual public service subsidy.

Postal revenues would go into the General Treasury.

And, this process returns the postal purse strings to the Congress and accountability to the people.

To continue to write a blank check year after year to the Postal Service by approving additional subsidies without demanding accountability can only add fuel to the fire of inefficiency.

The committee says that my amendment would make orderly postal budgeting, ratemaking and collective bargaining impossible.

My amendment does not alter the authorization for the negotiation and con-

sumation of collective bargaining agreements.

Postal budgeting would be enhanced by my amendment.

In 1974 USPS lost almost \$500 million.

In 1975 USPS is expected to lose a billion dollars.

Any agency that loses \$8 million per day can certainly use some help in its budgeting.

The ratemaking process should be more sound if my approach is upheld. Much of the revenues now come from fees for postage paid by patrons. Congress has historically expected much of the Postal Service cost to be borne by its users. My amendment does not alter this intent. Congress has demonstrated repeatedly its recognition for subsidies. And, I believe the people would accept subsidies so long as the Postal Service is accountable.

Any Government agency that fails to serve the people is not worthy of the authority given by the people.

What is wrong with the Postal Service, and what is wrong with government is that in far too many instances government is attempting to become the master of the people instead of the servant as it is intended under the Constitution.

U.S. POSTAL SERVICE ON THE INSIDE LOOKING OUT

Mr. Chairman, the following contains excerpts from a letter which I recently received from a long time employee of the Postal Service. I believe that it summarizes the current conditions at USPS as well as any material I have read on the subject. I commend it for your consideration:

DEAR CONGRESSMAN: I am concerned by most of the weaknesses in the Postal Service that you have made public in recent years. I am going to itemize in a very informal way some of my firsthand observations based on 20 years of service in the post office:

(1) By and large the previous postal system was more efficient. It provided a better overall service.

(2) A strong system of state offices overseeing the operations within that state would have better fiscal control over operations.

(3) As it was under the old system, a relatively small number of highly motivated, well-trained postal inspectors could and did provide much better overall surveillance of all areas of postal operations than does the present monolithic bureaucracy.

(4) Under the present system all of the better jobs in the Service seem to be passed on to favorite persons from the private sector, the retired military or political buddies that are already in the district and regional offices.

(5) The politics seem to be much worse now than before. The big difference is that local people aren't considered for promotions nearly as often as they were in the past.

(6) The employees in the field now are very much neglected when promotions are being made in high paying jobs. This creates a bad morale problem.

7) At this office incoming mail by truck has been running consistently late in the last few months. This could reflect a nationwide trend.

8) The new system created nationwide for forwarding mail, called "central markup," has the effect of delaying millions of pieces of mail. The individual carriers used to forward all mail the same day it was received by them, but now it goes to the central markup section where it may not be addressed for forwarding for several days.

9) I guess the number one concern for me is that in overall planning higher levels seem to neglect small offices and by small I mean even the size of ————. Most of the emphasis seems to be in the planning for the operation of highly mechanized and expensive sectional centers.

10) I personally feel as though the handling of our nation's mail should be primarily a service to the people. I do not see how or why management can expect the postal service to break even.

11) I have noticed a strong tendency in the past few years for the service to make and revise regulations that favor big business. I suspect that this has had a lot to do with the ever-increasing budgets of late. It's just another way to subsidize concerns that should be paying their share and are not.

Congressman, please keep the source of this letter confidential. You probably have already heard these same comments dozens of times but I had to share my views with you. I may lose my job if the source of this information is made public.

Yours very truly,

(Name withheld by request).

Mr. DU PONT. Mr. Chairman, I move to strike the requisite number of words.

(Mr. DU PONT asked and was given permission to revise and extend his remarks.)

Mr. DU PONT. Mr. Chairman, I rise in support of the amendment. Nobody can possibly feel more frustrated than I do at times when dealing with the management of the Postal Service. Ever since my first term in Congress, I have spent time pursuing and trying to correct deficiencies in the postal service of Delaware. Most of these deficiencies in service are directly attributable to bad decisions on the part of the Postal Service's upper management policymakers.

The General Accounting Office survey done 2 years ago found many operating inefficiencies, the most glaring of which was the dragging of all the mail in Delaware to a central point for redistribution back to points all over the State. I toured some of the buildings in which the Postal Service was conducting its operations and found working conditions that were unbelievable. It was only after I brought these conditions to the postal managers attention that the conditions were corrected. These are a sad commentary on the way the Postal Service has accepted its responsibilities to the public and its employees.

Not only has the Postal Service undertaken measures which undermined their service to the public, they have also pursued actions detrimental to the postal employees.

Because of these problems, we must continue our vigilant monitoring of this vital service. However, it is my opinion that we should keep the specific oversight responsibilities as they presently are. To return the Postal Service to a political status under the protective wing of the Congress would be a serious mistake.

The medicine prescribed by the Alexander amendment of a few weeks ago, which this amendment attempts to counteract, was simply too large a dose and may kill the patient. Our responsibilities to our constituents, and especially to Postal employees, require that we not take that chance, and I urge you, therefore, to support Chairman HANLEY's amendment.

The only thing that I can see that would be worse than the present situation is to overturn completely the intent of the Postal Reorganization Act and bring the service back under the wing of Congress.

Do we really want to get back into the position of running the Postal Service from the legislative halls of Washington? Do we want to find ourselves again embroiled in appointing postal employees? Or deciding where and when to open post offices? Or to enter the collective bargaining process to determine how postal employees wages shall be set? I do not believe we should do any of these things—I believe we should support the chairman's amendment and try to keep the Postal Service free of politics and political control.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from Ohio.

(Mr. ASHBROOK asked and was given permission to revise and extend his remarks.)

Mr. ASHBROOK. Mr. Chairman, in 1970 I voted against the so-called postal Reform Act. This established the current semipublic, semiprivate U.S. Postal Service.

Although the act sounded good on the surface, I was of the opinion that it created more problems than it solved. In particular, I thought it was a mistake to completely remove congressional jurisdiction from rates or management of the post office.

The Congress, after all, represents all the people. The Board of Governors and the Rate Commission established by the 1970 law has no direct responsibility to the people or to their elected representatives.

Unfortunately developments since that time have confirmed my original view. The so-called postal reform seems to have meant only higher rates and poorer service.

That is why I voted for the Alexander amendment when it was offered on September 29. This amendment would help restore accountability of the Postal Service to the people by requiring the Service to come before the Congress each year for authorization and appropriation of its budget.

During this process the Congress would have the opportunity to examine the policies of the Postal Service. No longer would it be insulated from congressional oversight. Because of the congressional examination and input, I think that the managers of the Postal Service would be more responsive to the feelings and needs of the American people. I would go so far as to say that the Postal Service is now arrogant and indifferent to the taxpayers.

The 1970 Postal Reform Act has failed to achieve its objectives. It is time that the Congress admitted this and corrected its error. The Alexander amendment is an important step in that direction. I oppose efforts to repeal or water down this amendment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman yielding.

The Hanley amendment does not address itself in any way to the appointment of postmasters by the Congress and the gentleman knows that.

Mr. DU PONT. Indeed, I do.

Mr. ROUSSELOT. It is an add-on deficit of \$1.5 billion to the deficit for which we have already provided.

On the point that it will improve the kind of service to which the gentleman directs himself in terms of the center down the road that now sorts the local mail, many of the Post Offices have put in a local box to achieve improvements in services, as the gentleman well knows. In many cases that has been addressed and properly so; but this amendment has nothing to do with the two major points the gentleman made in improving that kind of situation, so I am sure the gentleman knows that.

Mr. DU PONT. Yes; this gentleman does know that, but if the gentleman from California thinks by putting the annual appropriations process back to the Congress, as the Alexander amendment does, that it is not going to lead the Congress into all those areas, the gentleman is sadly mistaken.

Mr. ROUSSELOT. I think it leads to

an area we approve. It is called the purse strings.

Mr. DU PONT. I think it will lead to management areas where we do not belong.

Mr. ROUSSELOT. Does the gentleman have an amendment he is going to offer?

Mr. DU PONT. Not on this subject, no.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, the gentleman's statement is best characterized by a Member who was around here again that said:

Alexander, we got rid of that thing five years ago. What in the hell do you want it back for?

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, in response to the question of the gentleman from California (Mr. ROUSSELOT) about quality service, again the language in the Mineta amendment is contained in this section which mandates no decrease in the nature and type of service that has been traditional to the U.S. Postal Service.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. DU PONT. I yield to the gentleman from California.

Mr. ROUSSELOT. The Mineta amendment is in the regular bill before us, so we do not need this amendment to handle that.

Mr. HANLEY. But it is in this amendment.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

(Mr. FORD of Michigan asked and was given permission to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Chairman, I did not want to pass up the opportunity to certify for the record that I will take a kick, along with everybody else, at the Postal Service every time you will give me the opportunity to do so. I have discovered sitting here on the floor during debate when this legislation was up in September and again today that what really is the problem is that we should give everybody a chance to serve on the Committee on Post Office and Civil Service and for some part in each year so they could bring the postal officials before the committee, as we do, and get rid of some of their frustrations.

We get more frustrated, perhaps, than any other collective group in the House, because we have to deal with these prob-

lems constantly and we have to listen to all our colleagues complain that we have done nothing to relieve them from the terrible frustrations they feel.

This bill is here today because the gentleman from New York (Mr. HANLEY) has been working for 2 years to find a way to get a handle on the U.S. Postal Service. Members do not believe that the U.S. Postal Service is standing out there asking them to vote for the Hanley amendment or for the Hanley bill. They have tried in every conceivable way to scuttle this bill. It absolutely fascinates me to hear my colleagues on this side of the aisle who were the strong proponents, some of them—I have to leave out the name of the gentleman from California (Mr. ROUSSELOT) because he was not one of the strong proponents of this program—but on the bidding of the administration, the Nixon administration, the ranking Members on that side of the aisle, except for the gentleman from Iowa, Mr. Gross, who is no longer here to give us his wisdom, marched in lock-step to pass the Postal Corporation legislation.

We have been trying ever since to get a handle on it. Now, we suddenly find them coming in here and saying that what they really wanted was to keep the Postal Service the way it always was. That is not what is before us. If we do not adopt the Hanley amendment that is presented here today, we leave the Alexander amendment in place, and we probably scuttle this bill because there is no reasonable way that the Congress is going to end up passing a bill that is going to have to deal with a \$13½ billion appropriation next year instead of what we are dealing with now.

If we do not have this bill enacted into law and leave the Postal Service where it is, not with the Alexander amendment, not with the law the way it was before 1970, but the way it is today, the way it is today keeps us completely out of the decisionmaking process. The gentleman from California keeps harking back to the \$1.5 billion. I submit that he is going to have a chance in a little while to reduce that deficit because \$600 million of that \$1.5 billion is based on what it will cost for us to put a limit on the first class postage stamp of 12 cents. If the Members want to vote, in effect, for a 13-cent postage stamp and provide that \$600 million from the General Treasury, that is what they are going to have a chance to do when that amendment comes to the floor. Then, we will not be talking about a \$1.5 billion deficit; we will be talking about a \$900 million deficit.

The gentleman says, "What evidence is there that they need it?" That is literally how much they are short in

their bank account now. The real figure we are talking about is probably, as the gentleman from New York (Mr. HANLEY) says, something in excess of \$2 to \$2½ billion.

They are naturally reluctant to project this kind of continued failure over there, especially while the gentleman from New York is trying to get the "Hanley handle" on the Postal Service with this bill here in Congress. Do the Members think that they are going to admit the things we have been accusing them of? Is there any Member here supporting this bill who defends the Postal Service as an efficient corporation? Is there any Member here who defends going out and getting anybody who was not nailed down in American Can Co., and bringing them in to ruin what was already a troubled agency of the Federal Government by taking it literally to the brink of disaster? If it was a private corporation, it would be facing bankruptcy. There is not any question that year after year we are asked to bail them out because they cannot handle the job we have turned over to them.

But, we do not improve the system over there by hitting them with a sledge hammer and saying that because they are not doing a good job, we are going to cripple them even further and it will be even more difficult for them to do the job. Then, we sit back and claim to have taken a responsible stand. We do not get anything for nothing.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from North Carolina.

Mr. HENDERSON. I want to commend the gentleman for the statement he is making. I am sure the gentleman would agree with me that just having the 13-cent stamp go into effect on December 28 is not all that is involved here. Unless the Hanley bill, the Hanley amendment, is adopted, we can be sure that we are going to be faced with a 15- or 16-cent stamp next July or August. I do not have to tell the Members that next year is the time of year when most of us are considering seeking reelection, but that is the fact. If we want to keep these postal rates down and buy a little time, we have got to give them the money to do the job.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(On request of Mr. DERWINSKI and by unanimous consent, Mr. FORD of Michigan was allowed to proceed for 2 additional minutes.)

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Illinois.

Mr. DERWINSKI. The gentleman made one statement that I am sure he would like to clarify. The gentleman talked about the opposition of the Postal Service to the bill and the Hanley amendment. Is the gentleman not aware that the chief lobbyist for the Postal Service has spent the last 3½ weeks trying to reverse the Alexander amendment and in fact sat in on the drafting sessions and strategy sessions for this new Hanley amendment? Is the gentleman aware of that?

Mr. FORD of Michigan. No. Apparently the gentleman is on more intimate terms with the lobbyists for the Postal Service than I am.

Mr. DERWINSKI. If the gentleman will yield further, I got this from the people who also sat in on the same strategy conference.

Mr. FORD of Michigan. I might say to the gentleman that apparently he was privy to other strategy conferences to which I have not been invited. I am sorry I cannot respond.

Mr. DERWINSKI. If the gentleman will yield further, I am sorry the gentleman was ignored.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from New York.

Mr. HANLEY. I thank the gentleman for yielding.

As the gentleman said, the gentleman is far more privy to what the USPS is doing than we are. To answer the gentleman's question, no representative of that agency has been with me on this amendment.

Mr. DERWINSKI. If the gentleman will yield, did not Mr. Halliday sit in on meetings with the Postal Union leaders and mailers, together with the gentleman's staff, to put together this Hanley amendment?

Mr. FORD of Michigan. Who is he?

Mr. DERWINSKI. A lobbyist for the Postal Service.

Mr. FORD of Michigan. What was the name again?

Mr. DERWINSKI. Norman Halliday.

Mr. Chairman, I did not hear a denial.

Mr. COLLINS of Texas. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, as we enter into this discussion of the Hanley amendment, we are really discussing the whole principle of the Post Office and the way it is run. I was one that favored the new present system. I thought we had really taken a step forward when we adopted this system of making the Post Office what we thought was an autonomous operation. Instead, what we have done is, we have

developed a monster that absolutely is the worst of both worlds. It costs more and is more inefficient than it ever was in its history. I thought maybe my experience was the only one that was unfavorable. When we recently had a week to go back to our Districts, I went down and I saw how long it took to get the mail down there. I know the time the mail bags were put on the truck from our Washington office to go out to the airport, and when my letter carrier brought it to my home in Texas he said he picked up the letters that morning. And it took 6 days from the time it was placed on the airport-bound truck until the letter carrier received it to deliver to my home.

Mr. Chairman, I was talking to a Congressman from Tennessee, and he said it took a week to get mail across the city of Washington. So maybe 6 days is par anywhere.

Mr. Chairman, my experience shows that the letter carriers themselves have a very, very efficient operation. Once the letter carrier gets the mail, he delivers it. But what I want to know is, what do they do in the meantime? And the only way we are going to find out is to have the Post Office Department responsible year in and year out and accountable for the way they operate. It is not a matter of money with the Post Office, because what they are talking about for next year is raising the stamp rates 30 percent for first-class mail.

Do the Members know of any business in the country that is raising their rates 30 percent and also it is anticipating a deficit? The Post Office Department said they are going to raise rates 30 percent and they are going to lose more money next year than they did this year. I saw a report that the pay scale in the Post Office is 9 percent higher than the pay for an equivalent manufacturing industry. I want to repeat that. If the pay in the Post Office is 9 percent higher than it is in similar manufacturing industries, what is wrong, and why do they run such an inefficient operation?

Mr. Chairman, if we give them an additional \$1½ billion, we are perpetuating a system that does not work. What my friend, the gentleman from Arkansas (Mr. ALEXANDER) is saying is the most logical approach we have taken on this floor in many a day. He said we have a responsibility. And the way to get to the proposition of the gentleman from Arkansas is to turn down the amendment we have before us right now.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, listening to this debate I wonder if I spent the last 14 years sitting in the same Postal Committee as some of my colleagues. Their explanations of what has gone wrong with the Postal Service and what is in this amendment are not as I see it.

Mr. Chairman, let me lay it on the line. The difference between the original bill that was brought to the floor by the committee and this new Hanley amendment, which is offered in an attempt to recoup the ground lost a month ago when this bill came to the floor, is that the new Hanley amendment has an additional \$1,500,000,000 subsidy for the U.S. Postal Service. That is not in the President's budget, and that is not in the budget prepared by the congressional committee; that is not even covered by an official request by the U.S. Postal Service to either the Congress or the executive branch of Government.

Second, in an effort to fuzz up this whole question, the new Hanley amendment makes a gesture toward annual congressional authorization, and then it presumably releases the funds automatically through the appropriation process. So what it really is, is the worst of both worlds.

It attempts to strip from the Committee on Appropriations the new teeth that the Alexander amendment gave it, and then it imposes a meaningless authorization procedure within our committee. Then to compound the thing, it makes an unrealistic gesture to the question of a 12-cent stamp by presumably covering part of this new request for the needed funds to cover a 12-cent, first-class stamp as opposed to a 13-cent, first-class stamp.

Mr. Chairman, it so happens that I have a long memory, coming from a State neighboring the State of Missouri. My memory tells me that in our Committee on Post Office and Civil Service back in July the gentleman from New York (Mr. HANLEY) and my dear friend, the gentleman from Michigan (Mr. FORD), voted against an amendment that would set the new rate at 12 cents.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Not at this time, Mr. Chairman.

They were insisting at the time by their vote that the rate go to 13 cents for first class as the Postal Service would request. That was just 3 months ago, and now suddenly they come up with a \$600 million bonus for the Postal Service and they switch positions completely on the matter of first-class rates.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I will yield to the gentleman in just a moment.

Mr. Chairman, I do not worship at the altar of consistency, but I wonder at such a total flip-flop in 3 months.

Mr. Chairman, I yield to the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Chairman, to refresh the gentleman's memory with regard to what happened back in committee, the gentleman's amendment at that time proposed a 20-percent increase on top of what the Postmaster General was going for himself.

Mr. DERWINSKI. Just a minute, Mr. Chairman.

Mr. HANLEY. And at the same time the gentleman would ask the Congress to maintain an increase that would treble the amount.

Mr. DERWINSKI. Mr. Chairman, I will not yield any further.

I will say to the gentleman from New York (Mr. HANLEY) that we should lay the facts on the line as to the committee situation.

At the time we proposed an amendment which would have provided the 20-percent ceiling we were voted against a 13-cent stamp.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Not at this time, Mr. Chairman.

And the gentleman was there in an earlier effort, when the chairman of the committee and I tried to convince him to do just that and nothing else so that the Postal Service could get a 12-cent stamp in August or September and not have to ask for a 13-cent stamp.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Mr. Chairman, I will yield after I have finished my statement.

It is not accurate for the gentleman to insist on the floor of the House that the amendment was intended to add on to the request of the Postmaster General. If the gentleman said that, he might apologize to his chairman, because he (Mr. HENDERSON) was the original sponsor of that proposal.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, had the overtone that the gentleman from Illinois (Mr. DERWINSKI) made back then been accepted, and the bill passed, the U.S. mail patron would be paying 12 cents today. The gentleman from Illinois (Mr. DERWINSKI) would have given the Postmaster General a 20-percent increase mandated by Congress in addition to that.

Mr. DERWINSKI. Mr. Chairman, I will not yield further.

The gentleman needs an accounting machine. The gentleman does not even keep in his mind the elementary statistics. Let me tell the Members what the differences are and what the original proposal was.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. DERWINSKI) has expired.

(By unanimous consent, Mr. DERWINSKI was allowed to proceed for 1 additional minute.)

Mr. DERWINSKI. If the original proposal had gone into effect, the Postal Service would have their 12-cent first-class stamp, and now they would not need the \$600 million draw on the Treasury. Then they could get by for the next year and a half without going to 13 cents, but because of the effort to expedite this matter failed, we are in this contradictory position.

I must oppose the amendment, which is a \$1.5 billion add on to the Federal Treasury.

It is not in the figures of the Committee on the Budget. It is not in the President's figures. It is not even in an official request of the Postal Service.

I have listened to all of these speeches coming from all sides, saying that the Postal Service has never been bad. At that point I ask, why vote for the amendment that gives them \$1.5 billion that they have not even asked for.

Mr. COHEN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. COHEN asked and was given permission to revise and extend his remarks.)

Mr. COHEN. Mr. Chairman, earlier today the chairman of the committee indicated that the chairman of the Committee on the Budget had reversed his position which the chairman of the Committee on the Budget originally had expressed, which was disapproval, and had voted for the Alexander amendment based upon budgetary considerations, but since that time has found that he was either misinformed or ill informed and was prepared to change his position because the Alexander amendment would actually cost more money than the chairman's amendment would as a substitute.

I just noticed the chairman of the Budget Committee walk into the Chamber, and I wonder whether he could answer that question.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. COHEN. Yes, I would be happy to yield to the gentleman from Washington.

(Mr. ADAMS asked and was given permission to revise and extend his remarks.)

Mr. ADAMS. Mr. Chairman, I want to state to the gentleman from Maine (Mr. COHEN) that I have discussed this matter with the gentleman from New York (Mr. HANLEY) and with the gentleman from Illinois (Mr. DERWINSKI), and here is the position in which we find ourselves insofar as the budget is concerned: We were informed when the Alexander amendment was offered that it would take out the \$1.7 billion additional subsidy. What we find that the Alexander amendment actually does is to run all of the postal revenue into the Treasury. All the revenues go in; all the expenditures go out of the Treasury.

The sum of that would have this effect: This year their revenues are estimated at about \$11 billion and the expenditures at \$14.5 billion. Therefore, we would have about a \$3.8 billion increase in the deficit if the Alexander amendment stays in its present form. Consequently, I do not like the Alexander amendment, and I have not been trying to press it.

I was trying to get the \$1.7 billion deficit out of the bill that the gentleman from Illinois (Mr. DERWINSKI) had in his original amendment.

I indicated to the gentleman from New York (Mr. HANLEY) was that it is correct that his amendment will add an additional \$1.5 billion deficit to the present budget. Therefore, the question that the House now has before it is, Do we want a \$3 billion deficit or a \$1.5 billion deficit add-on?

Maybe we should send the whole thing back and let the committee come forward and tell us what the other alternatives may be.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. COHEN. Yes, I yield to the gentleman from Ohio.

(Mr. HAYS of Ohio asked and was given permission to revise and extend his remarks.)

Mr. HAYS of Ohio. I am a little confused. If the income is going to be \$11 billion and their expenditure is going to be \$14 billion, I do not see, however, anyone juggles those figures with the Hanley amendment or the Alexander amendment or anything else that is going to come up on the floor, they are still going to spend \$14 billion, right?

Mr. ADAMS. If the gentleman will yield, I think that the gentleman from Ohio (Mr. HAYS) is correct.

What we did is that we set the Post Office aside as an independent, private corporation which is now not in the Federal budget, except for the payments which this committee authorizes to subsidize certain operations.

I think the matter had better stay over there because they can borrow at this point within their own corporation, and

then I am hopeful that this committee or this House will say that if the Post Office is losing \$3 billion a year and we had better change the operation there.

The gentleman is absolutely correct in saying at some point if this operation is not corrected, the \$3 billion is going to come into the Federal deficit.

Mr. HAYS of Ohio. If the gentleman will yield further, I would just say that as far as I can see, if they are going to take in \$11 billion and spend \$14 billion, there is \$3 billion coming out of the Treasury anyway anyone figures it. It does not make any difference.

All I think the Alexander amendment did the other day was to point the figure at them and say, "The Congress has lost confidence in you, and you had better shape up."

As far as I am concerned, I still do not have any confidence in them, and they still had better shape up.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. COHEN. I yield to the gentleman.

Mr. HANLEY. Mr. Chairman, I think there is one more important point that may clarify the situation. Under the act of 1970 we provided the institution with the capability to go on the bonding market and borrow money. It has borrowed, under that authority, \$500 million—\$500 million for fiscal years 1974 and 1975—under the provisions of the Alexander amendment it will not be necessary for the U.S. Postal Service to exercise that borrowing authority because the money will come directly out of the U.S. Treasury.

I think that is a rather important point.

Mr. ADAMS. Mr. Chairman, if the gentleman will yield, I feel that what the debate has revealed here is that the bill should go back into the committee. The committee should decide what it wants to do overall with the Post Office. Because, right now, under the present bill we are either going to pay \$3 billion out of the Treasury more than we budgeted in, and we budgeted in, as I remember, I think it was \$1.7 billion that we have in there already.

Mr. HANLEY. That is right.

Mr. ADAMS. So what I am saying is that the budget resolution is going to come up and I hope some of the Members are going to vote for it. If we pass it, and if this bill becomes law before that, our present indication is that we are about \$71.4 billion in deficit and we will go up \$1.4 or \$1.5 billion.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. HANLEY, and by unanimous consent, Mr. COHEN was allowed to proceed for 2 additional minutes.)

Mr. ADAMS. If the gentleman will

yield further, it just means that when this bill becomes law, if it becomes law, we have this added on top of the Government borrowing because there is no other place to get it.

I thank the gentleman for yielding, and I hope that I have answered the question.

Mr. ALEXANDER. Mr. Chairman, if the gentleman would yield, I would like to ask a question of the gentleman from Washington. Does the gentleman from Washington assume, when the gentleman says we would have a \$4 billion deficit, if my amendment were passed, that the Congress would appropriate that deficit?

Mr. ADAMS. If the gentleman will yield so that I can respond, I think, and I do not pretend to be an expert on the gentleman's amendment, because, as I said, I had a little problem with it when it was on the floor before. Our indications are there are \$14.5 billion worth of expenditures out of the Post Office and the indication is the revenues will be \$11 billion. Therefore simple arithmetic shows there is a \$3.5 billion deficit.

My conversations with the Committee on Appropriations is that once we have authorized this kind of a postal deficit, then the debt has been incurred and they almost have to automatically appropriate it.

So the answer is "Yes."

Mr. ALEXANDER. Mr. Chairman, I would advise the gentleman from Washington that I am a member of the Committee on Appropriations and I am not willing to authorize it.

Mr. ADAMS. But the gentleman is not willing to appropriate it?

Mr. ALEXANDER. Let me say this that I don't think that we can presume that the Congress could automatically appropriate every dollar that the Postal Service is throwing down the drain.

Mr. ADAMS. All I am saying is that as I understand this amendment, that the revenues go in and the expenditures go out.

Mr. ALEXANDER. No, no, that is not so. My amendment only makes the Postal Service obligated to come to the Congress for an authorization and an appropriation. It makes all of those expenditures go through the Treasury but it does not alter the legal authority of the Postal Service under the Reorganization Act of 1970, which grants to them the right to go out and make contracts, to issue bonds, to incur obligations, to make debts, whatever it wishes to do.

Mr. ADAMS. All I can state to the gentleman is that we will go back to the Committee on Appropriations and they will give us the figures. Right now they

have indicated that what the difference between the two is, we will add it into the budget because, at this point, we are in a mechanical process with the budget, it is simply adding up what we have authorized and appropriated as opposed to the revenues, and the difference between the two is the deficit.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. COHEN. I yield to the gentleman from New York.

Mr. HANLEY. I thank the gentleman for yielding.

With regard to the suggestion that we go back to committee, I want to remind the Members that this committee spent 19 months to conduct very extensive hearings on these amendments. The measure moved out of subcommittee with but one dissenting vote. So I am saying this has been a very deliberate action on the part of this committee. It did not take anything lightly. It reviewed everything and came up with what a good majority of that committee felt was a prudent answer to some of the shortcomings within the system.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. ADAMS, and by unanimous consent, Mr. COHEN was allowed to proceed to 1 additional minute.)

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. COHEN. I yield to the gentleman from Washington.

Mr. ADAMS. I thank the gentleman for yielding.

I would state to the chairman of the subcommittee and the chairman of the full committee that as chairman of the Budget Committee I am certainly not trying in any way to tell that committee how the Post Office should be run which is beyond the ken of most of us. All I am saying is this, that if we pass either of these provisions, then please vote for the additional \$1.5 billion on the deficit because there is not any other place that we have it. It will simply increase the debt. That is all my job is here today. If there is a better way or anyone has another suggestion, that is up to the Members with expertise on this committee. I am trying to do my job of pointing out the overall fiscal problem.

Mr. COHEN. Just to answer one question, the gentleman from Ohio pointed out that no matter how it totaled up, there is still a \$3 billion deficit. In other words, the Alexander amendment is not going to contribute to any higher deficit than the Hanley amendment.

Mr. ADAMS. If the gentleman will yield, I am not suggesting that a same point we may not have to have to run

the Postal Corporation through the wringer the same way we have some other entities in the United States, because they have their own debt, their own revenues, and their own expenditures and operate at this point separately from the Treasury of the United States. If we want to put it back into the Treasury, that is the decision and the will of the House, but then the Treasury is obligated. Right now the Postal Service Corporation is subject to the strictures that apply to any business that operates beyond its means, it can be declared bankrupt.

Does that answer the gentleman's question?

The CHAIRMAN. The time of the gentleman has expired.

(Mr. ADAMS asked and was given permission to revise and extend his remarks.)

Mr. ADAMS. Mr. Chairman, when H.R. 8603 was under consideration last month, I pointed out to Members that the recommendations made to the House in connection with the first budget resolution last spring and the concurrent resolution on the budget as adopted by Congress contemplated a small increase—\$200 million—over the President's budget request of \$1.49 billion for the postal service. This was believed to be the amount needed to preserve the will of Congress in approaching the goal of self-sufficiency for the Postal Service.

The budget resolution fully contemplated that this goal of self-sufficiency was the continuing policy of the Congress.

Mr. Chairman, the total of \$1.69 billion assumed within the first budget resolution now appears to have been a reasonably accurate estimate of the amounts needed to continue on the present policy of achieving self-sufficiency. The most recent report to Congress by the Congressional Budget Office anticipates that a supplemental appropriation of \$125 million will be needed for the current fiscal year. This would be in addition to the \$92 billion added to the requested appropriations when we passed the Treasury, Postal Service, and General Government Appropriation Act. The total would now be \$1.707 billion.

I remind the Members, however, that these estimates are based on the assumption that self-sufficiency under the terms of the 1970 Postal Reorganization Act continues to be the goal of congressional policy.

ALEXANDER AMENDMENT

The perfecting amendment to H.R. 8603 offered by the gentleman from Arkansas and adopted by the Committee of the Whole on September 29 is a very difficult one to analyze from the point of

view of its probable monetary effect upon the budget.

Perhaps I may best put it in perspective by considering first the effects which implementation of this amendment would have for an entire fiscal year, although the part-year effects would, of course, be somewhat different.

Foremost, of course, is the fact that the amendment firmly puts the fiscal transactions of the Postal Service back into the Federal budget. Moreover, it does so on a gross basis, rather than the net basis which used to be the case before the Postal Service was placed off-budget a few years ago.

Revenues of the U.S. Postal Service for fiscal year 1976 are now estimated at something in the neighborhood of \$11 billion—under the amendment of the gentleman from Arkansas, this \$11 billion would be added to general fund receipts of the Treasury and would accordingly increase total budget receipts by \$11 billion.

Expenditures of the U.S. Postal Service for fiscal year 1976 are now estimated at approximately \$14.5 billion. Under the amendment of the gentleman from Arkansas, this \$14.5 billion would be added to the budget outlays of the Federal Government.

The net difference between receipts of \$11 billion and expenditures of \$14.5 billion—\$3.5 billion—would then constitute the deficit from postal operations. Since we have already appropriated \$1.6 billion for the U.S. Postal Service, the addition to the recorded budget deficit resulting from the bill as it now stands in Committee of the Whole would be \$1.9 billion. From the point of view of the first budget resolution, which makes provision for anticipated supplemental requirements, the net increase in the deficit would be \$1.7 to \$1.8 billion.

COST OF THE ALEXANDER AMENDMENT

This then, Mr. Chairman, appears to be a reasonable estimate of the full-year cost of the amendment of the gentleman from Arkansas which is now incorporated in H.R. 8603 in Committee of the Whole—\$1.8 billion added to the deficit assumed in the first budget resolution.

Discussions between staff of the House Budget Committee and members of the Finance Office of the U.S. Postal Service indicate that the part-year effect would be more likely in the neighborhood of \$1 billion added deficit. Such an estimate, of course, depends heavily upon assumptions as to date of enactment and funding of this provision, and upon fiscal actions of the Postal Service between now and that final date of funding.

SUBSTITUTE AMENDMENT

The substitute to the amendment offered by Mr. HANLEY would do two things

- which impact upon the budget.

First, the substitute amendment would continue the off-budget status of the U.S. Postal Service: The Service would continue to receive all revenues into its own account and would continue to pay its expenses out of the resources available in its own account. Those resources, under the substitute amendment, would be increased by authorizing appropriations of an additional \$1.5 billion for the 15-month period ending September 30, 1976. Subsequent fiscal years would be handled through the annual authorization and appropriation process.

Second, the substitute amendment would limit the presently anticipated postal rate increase to 20 percent. This, of course, will affect the amount of postal revenues collected from mailers. How it can do other than increase the need for appropriation of the additional \$1.5 billion is difficult to see.

EFFECT OF SUBSTITUTE AMENDMENT ON THE BUDGET

The substitute amendment would leave the Postal Service in its current off-budget status. There would be no effect on effect on budget receipts.

The Appropriations Committee would have to consider and recommend to the House a further appropriation for fiscal year 1976 and the 3-month transition period—July 1 through September 30—within the \$1.5 billion limitation. If we assume that \$1.2 billion of the authorization is applied to fiscal year 1976, and if we assume that the Appropriations Committee will recommend and the Congress provide \$1.2 billion for fiscal year 1976, that amount of \$1.2 billion will be added to budget authority; to outlays; and to the deficit.

CONCLUSION

It would seem to me we should send this bill back to committee by recommitment on defeat so the committee can decide what should be done to avoid increasing the Federal deficit by an additional Federal subsidy to the Postal Service Corporation.

Mr. HAYS of Ohio. Mr. Chairman, I move to strike the requisite number of words.

(Mr. HAYS of Ohio asked and was given permission to revise and extend his remarks.)

Mr. HAYS of Ohio. Mr. Chairman, the more we discuss this Postal Corporation, the more revealing it becomes, I think, to the Members and certainly it ought to become more revealing to the general public. I must say that I did not know that they had gone out into the bond market and borrowed money on bonds, or however they borrowed it. But I want to tell the Members in view of what the President said about New York City yesterday, one would have to be a blooming idiot who would buy any of their bonds from

here on out, so they had better trim their sails. I would not buy their bonds at 30 cents on the dollar if they paid 15-percent interest.

I think the Congress is getting fed up with the way they are running the place.

What happened? I have never been in the Postmaster General's office but one time in my life, and that is when Mr. Lawrence O'Brien was Postmaster General before this was a Postal Corporation. He sort of apologized for having such a plush office with so much mahogany, and so on. The Postal Corporation had not been in business 30 days until they spent—I do not know how much; I have heard various figures from \$60,000 up remodeling that office and putting in a kitchen and a private shower, and I do not know what else because I have not been down to look; but I would not be surprised at anything I saw if I went—maybe folding beds into the wall for all I know.

What I am saying is that this Corporation has ruined the mail system in the United States. When I came here 27 years ago, one could get a letter back to Ohio 300 miles away overnight. The last time I ran a check on it, it was 5 days. I sent some mail out yesterday that I hope will get there before election next Tuesday, but I am not going to bet on it.

What happened? We have an independent corporation. We swing from one extreme to the other in this country. If there is something the Government is doing badly, we say, let us make it an independent corporation. If it is something that an independent corporation is doing badly, like Lockheed or Penn Central, we say, let us bail them out or take them over. I do not know that either one is a cure-all for the other, but I think the Postal Service in the United States should be a service, and I think the way it is set up now is all wrong. I thought when I voted for the Alexander amendment—and I still think so—that that was one step in Congress retrieving its authority over this agency.

I think the only way we are ever going to get it in hand is to take it over altogether and get rid of these expropriate executives who were failures in their own business and who were brought in here to run the Postal Corporation.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Chairman, I associate myself with many of the remarks made by the gentleman.

I supported the Alexander amendment. That amendment is a step in the right direction but it is not really the Congress taking over the Post Office, assuming we want to do that.

I am a little bit loathe to go for \$3 bil-

"lion more in deficit. The President will come up with cutting something else. I would hate to have the Post Office budget charged off against social security for instance.

Mr. HAYS of Ohio. As I understand the Hanley amendment, it is going to give them another \$1.5 billion. If that is so, I would just rather not give it to them, not put it in the budget, and let them go out in the market and see if there are enough suckers in the United States to buy their bonds. Let them try it out. That is what we set it up for.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, I find myself in agreement with everything the gentleman said about the Postal Service. As I said in the well, I have been probably the chief critic of the Service.

We have a situation here where before 1967 we had outside influences saying: "Take it away from the Congress. Put it in the hands of businessmen. They are good administrators." All that sort of thing.

We enacted the law and did that. The first Postmaster General was a great hitter in the private sector and great in the construction business and he came in and brought together the people who supposedly were the cream of the crop of businessmen in America and he put together a management team. They did not do a very good job of it.

Mr. HAYS of Ohio. Was that the Continental Can fellow?

Mr. HANLEY. No. Mr. Blount.

Mr. HAYS of Ohio. If it was the Continental Can fellow, they cannot even make enough can lids for the people of the United States let alone manage to make postage stamps.

Mr. HANLEY. If I may continue, so we have had a succession of that sort of thing. We have been completely critical in this committee. When we set forth with this action it was hopeful the amendments we proposed would move a long way toward getting that institution back on the track. That is what we are trying to do. What we are trying to do here is we are providing the \$1.5 billion which we deem absolutely essential to avoid a second supplemental appropriation request to bail them out further. That is what we are doing here.

Mr. HAYS of Ohio. If I can have a little of my own time back, what makes the gentleman think that if we give them the \$1.5 billion now they will not spend \$2.5 billion and then we will have to bail them out anyway? We will bail them out no matter what they do.

Mr. HANLEY. This happens to be the

lesser of two evils. The Alexander amendment, as the gentleman from Washington (Mr. ADAMS) has stated, will cost the taxpayers about \$4 billion.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent, Mr. HAYS of Ohio was allowed to proceed for 1 additional minute.)

Mr. HANLEY. So this amendment is the lesser of two evils.

Mr. HAYS of Ohio. I asked for another minute to say to the gentleman I cannot follow his mathematics. I thought I knew simple addition and subtraction and I do not understand if what the gentleman from Washington (Mr. ADAMS) says is correct—and I think it is—that they are going to take in \$11 billion and spend \$14.5 billion, that is a \$3.5 billion deficit, and neither the Alexander amendment nor anybody else's amendment is going to add another \$1.5 billion to it. It is going to be \$3.5 billion.

I guess we will have bail them out or close them down. The alternative might be to close them down and it might not be a bad one, because there are some private companies that would probably pick up where they left off. They have lost all their parcel post business to the United Parcel Service because they, the UPS, do the job. They have lost most of their mail business because, for instance, I am conducting most of mine by telephone because I know the message will get through. Maybe we ought to shut them down.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman yielding.

Mr. Chairman, the Hanley amendment will negate what the gentleman from Arkansas (Mr. ALEXANDER) is trying to do and that is to bring the appropriation process for the whole expenditure of the Post Office to the Congress and at least give us a chance to make a judgment on some of those expenditures.

That is why I support the amendment, as the gentleman from Ohio did.

Mr. HAYS of Ohio. Well, I voted against the Postal Corporation in the first place.

Mr. ROUSSELOT. I did, too.

Mr. HAYS of Ohio. And I am going to vote against any appropriation for it from now on.

Mr. MINETA. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MINETA asked and was given permission to revise and extend his remarks.)

Mr. MINETA. Mr. Chairman, I rise in support of the amendment. I think, as

was just stated by the gentleman from California, it is important to recognize that what we have here is the ability to get a handle on this situation by having the U.S. Postal Service come to the Congress for its annual appropriations above the moneys that are available to them.

In other words, what we are doing through this amendment is to provide the U.S. Postal Service with all the revenues that it does take in right now. It also gives them an automatic appropriation based on 1971 operating expenses, as was authorized under the Postal Reorganization Act of 1970.

We also provided phasing money, as was provided under the original act, and then for any money needs above those three categories of moneys it must come back to the Congress for an annual appropriation.

I think this is really a very good compromise in terms of trying to effect a control on the U.S. Postal Service; but I think the thing we have to keep in mind is the fact that the U.S. Postal Service to a very great extent is the only vestige of contact between the Federal Government and the average taxpayer of any regular sort. It is the only contact and the people only see a deterioration of that service over a period of years at an increased cost.

What this amendment really does is to do two things. One, it does guarantee the standard or kind of delivery system in terms of making sure that service does not deteriorate.

Second, the amendment also provides a limitation as to what the increased cost might be as a result of a considered increase in postal rates by the U.S. Postal Service.

The standards that are being adopted in this bill, and we are saying that curb-line delivery, as well as cluster box, is totally unacceptable for a number of reasons, because we do have a Postal Service now that has indicated they are going to cut out door-to-door deliveries in new developments. What we have to say to the public is that we are not going to allow that to happen and we can do that through the Hanley amendment.

We find that curb-line or cluster box delivery is unacceptable for obvious reasons such as hazard to safety, that the boxes are unsightly and more susceptible to theft and vandalism and this delivery system creates a discriminatory service in the sense that we will have some areas get door-to-door delivery that are right next door to new developments which will only have curb-line and cluster box delivery.

Cluster box delivery systems will also be especially hard for the disabled and the elderly, as well as those who live in

areas where there is inclement weather in trying to get to their mail boxes.

Mr. RYAN. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to the gentleman from California.

Mr. RYAN. Mr. Chairman, I thank the gentleman for yielding.

Is the gentleman saying that unless this amendment is adopted that we will lose door-to-door delivery?

Mr. MINETA. That is correct. It would be eliminated, as far as the amendment is concerned. As far as the amendment of the gentleman from New York (Mr. HANLEY) is concerned, the delivery standards are included in there.

Mr. RYAN. I would say to the gentleman that the door-to-door delivery for new residences has already stopped in San Mateo County in California. There are a great many objections to that already. It requires additional funds to deliver mail to constituents. I would suggest it will take more than \$1.5 billion to rearrange its own priority.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague, the gentleman from California, yielding.

I am sure the gentleman did not mean to imply that if this amendment by the gentleman from New York (Mr. HANLEY) is not passed that door-to-door delivery will stop, if I understood the question.

Mr. MINETA. The Hanley amendment does still include the delivery standards in here.

Mr. ROUSSELOT. That is right, put in previously by the gentleman's amendment.

Mr. MINETA. Correct.

Mr. ROUSSELOT. So the gentleman's amendment is retained regardless of whether this amendment passes or not.

Mr. MINETA. Right. I stand corrected.

Mr. ROUSSELOT. I want to be sure that is understood and so that the gentleman from California (Mr. RYAN) understands that the gentleman's amendment is retained regardless of whether the Hanley amendment passes or not.

Mr. MINETA. That is right, it is still in the basic bill. I stand corrected.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MINETA. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. I thank the gentleman for yielding to me. For further clarification of what we are talking about, is the gentleman saying that every township or county, every person who is receiving mail can have it de-

livered to his door regardless of how rural in nature the geographics are?

Mr. MINETA. This is in regard to new development as it has been defined by the U.S. Postal Service.

Mr. WHITE. Mr. Chairman, I move to strike the requisite number of words.

(Mr. WHITE asked and was given permission to revise and extend his remarks.)

Mr. WHITE. Mr. Chairman, first I want to commend the gentleman from New York (Mr. HANLEY) for his diligence, imagination and objectivity in attempting to improve the Postal Service. I have supported the Alexander amendment in the past and I do so now, and therefore I am a bit dismayed to see that the amendment of the gentleman from New York (Mr. HANLEY) does negate the Alexander amendment.

I have received much mail, as has every Member of this House from our constituencies, urging the Congress to get some handle on the Postal Service so that we can effectuate some improvement in the service. We are not asking that the basic law be changed at this time or that the postal organization have no opportunities for improving the Postal Service within existing law, but we are merely asking for Congress to overlook postal operations. What we are doing today is making basic law that will stand for years and years. The Alexander amendment will do that in that it will bring the Postal Service to Congress each year to oversee it, and thereby in future years—not necessarily this year, but in future years—we can effectuate budget savings, economy and efficiency in the Postal Service. For that reason, I urge the Members to support the Alexander amendment already adopted, and thereby reject the Hanley amendment, and possibly by representation of another amendment, keep the good portions of the Hanley amendment for further consideration.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from North Carolina.

Mr. HENDERSON. Mr. Chairman, the gentleman from Texas is a very able member of our committee, and of course does his homework, but could the gentleman inform the House with regard to the statement made by the chairman of the Budget Committee—is it not true that the gentleman from Washington's statement that the Alexander amendment will create a deficit of \$3.5 billion into the budget as opposed to a deficit of \$1.5 billion the Hanley amendment has? The gentleman from Texas should know, and I am sure he does know, the budget effect of the action he is asking the House to take today.

Mr. WHITE. I am like the gentleman from Ohio (Mr. HAYS). My mathematics are very simple. I cannot see where we are gaining anything in total figures when we have an outgo of \$14 billion and income of \$11 billion. I feel that what we are looking at here today is not just a year-by-year law, but we are talking about the basic law and where to effectuate the economies in the future. The amount of money will still be the same in either version. If bonds are issued by the Postal Service and they default, what we will have to look at in future years is that problem.

Mr. HENDERSON. If the gentleman will yield further, I am trying to get this back on the track. I do not want to take colleagues who are not on our committee and ask them questions, but surely the gentleman from Texas, a member of our committee, knows that the bonds of the U.S. Postal Service have the full faith and credit of the United States behind them already, and there is no such thing as default of postal bonds. They are obligations of the Treasury Department and every dollar is going to be repaid.

Mr. WHITE. I thank the Chairman, but I think he would have to agree that it is an outgo regardless of which column we take it from.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from New York.

Mr. HANLEY. The gentleman stresses authorization, and for what it is worth we have tried hard to explain this. We mandated an annual authorization and appropriation for any increase in current authorizations.

Mr. WHITE. That is not the total of budgeting, Mr. Chairman. I am seeking that they have to come to Congress for every dollar.

Mr. HANLEY. Under present law, they are authorized 10 percent of 1971 appropriations on a declining formula up until 1985. So we are speaking of every dollar in excess of that already authorized, and that is for fundamental public service. I do not think the gentleman wants to deny the ability of the publications throughout America to provide their subscribers with service at a reasonable rate. And that is what that authority is there for.

Mr. WHITE. The Committee on Appropriations can take that into consideration every year because that is a part of the request that would have to be gone over before the Committee on Appropriations.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Hanley amendment.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Pennsylvania. I yield to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I hope I have the attention not only of Members who are not on the Committee on Post Office and Civil Service but also my dear colleagues from the committee who I am sure do not intend to innocently mislead the House on some of these figures.

Mr. Chairman, let me just sum up the explanation that I thought the gentleman from Washington (Mr. ADAMS) tried to give us that if the procedure in the original Alexander amendment is followed—it is an accurate figure, as the chairman of the Budget Committee advised us—there would be a deficit in the area of \$3.8 billion, and that would have to be covered. But here is where balancing figures have to come in. The Postal Service has already in the 1976 budget approximately a \$1.6 billion subsidy for revenue foregone and for Postal Service. The Hanley amendment before us adds \$1.5 billion, raising that to \$3.1 billion. In addition, the charge hurled against the position of the gentleman from Arkansas (Mr. ALEXANDER) that his procedure would cost \$4 billion is erroneous. It is based on a fictional post office figure, in effect claiming that they would then pass on to the Treasury a \$1,390 million deficit that presumably they have hidden at the moment.

What is happening is that we have a juggling act, using post office figures that do not add up.

The other figure that could be debated is this: The \$600-million that presumably is in the Hanley amendment to cover the difference between the 12-cent and the 13-cent first-class stamp.

But here is where we face the facts of life. This bill is in such bad shape that it is impossible, given just 6 weeks left of this session of Congress, for the Senate to process a bill, and then work out a conference with the House.

So as much as I hate to see it, the 13-cent first-class stamp and other rate increases will go into effect December 28. So we do not need the fund request in the Hanley amendment.

But the one basic figure is this: If the Members want to work within existing law, the Hanley amendment adds a \$1.5 billion new subsidy to the Postal Service.

Mr. DERRICK. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Pennsylvania. I yield to the gentleman from South Carolina.

Mr. DERRICK. Mr. Chairman, I thank the gentleman for yielding.

Under the Hanley amendment, on the 15th of November the Members will be voting for a \$72 billion deficit, under the budget resolution. If the Hanley amendment is defeated, the Members will be voting for a \$74 billion deficit, for this reason: The difference between \$11 billion, which is the income, and the outgo, which is \$14.5 billion, is \$3.5 billion, and there is \$1.6 billion included in the budget resolution now, which leave a difference of approximately \$2 billion. So the Members are going to be voting for a \$74 billion deficit if they defeat the Hanley amendment.

Mr. Chairman, I am a member of the Committee on the Budget, and I want to tell the Members that I see we are going to have enough difficulty with the budget resolution without taking this on. I admit it is merely an accounting procedure, but let us not have that problem.

Mr. DERWINSKI. Mr. Chairman, the gentleman is incorrect. Let me remind the gentleman that it is not \$11 billion he is speaking of; he is speaking of \$12½ billion, because we already have that in the appropriation in the Postal Service 1976 budget.

What we are speaking of under the Hanley amendment before us is an additional authorization for \$1½ billion. That brings it up to \$14 billion.

Mr. DERRICK. Mr. Chairman, the gentleman is talking about apples and I am talking about oranges. I am talking about the Post Office Department without the inclusion of the \$1.6 billion and the difference between \$11 billion and \$14½ billion, which is \$3½ billion. I say we are going to be voting for a \$74 billion deficit on November 15 if we defeat the Hanley amendment.

Mr. DERWINSKI. No. Let me suggest this to the gentleman, if I may have his attention for a moment.

Mr. DERRICK. We will have enough trouble in the Committee on the Budget without that.

Mr. DERWINSKI. Mr. Chairman, given the fact that the chairman of the Committee on the Budget, the chairman of the Committee on House Administration, and others have suggested that perhaps the problem we face today is that our committee did not bring a bill to the floor in a manner and in a shape and with a workable arrangement between us to make any sense, perhaps the logical thing for us to do—and I have recommended this in private communications—would be to go back to the committee and do the job right at this time. I am willing to work with the gentleman from New York (Mr. HANLEY) if we could bring out a proper bill.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Pennsylvania. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, in response to the gentleman from Illinois (Mr. DERWINSKI), I will ask him if he did not meet with us a month ago and agree that essentially this is a good bill?

Mr. DERWINSKI. No.

Mr. HANLEY. Did the gentleman not say there were very few defects in the bill? Is the gentleman saying "No" at this point?

Mr. DERWINSKI. No. If the gentleman from Pennsylvania (Mr. JOHNSON) will yield further, I told the gentleman flatly I would work with him where we could achieve areas of agreement, but I would not buy this budget deficit approach and vote for a new subsidy.

Mr. HANLEY. The gentleman bought it a month ago in committee.

Mr. ALEXANDER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Eighty-three Members are present, not a quorum.

The Chair announces that pursuant to rule XXIII, clause 2, he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. HANLEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment end at 2:35 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. DERWINSKI. Mr. Chairman, reversing the right to object, that is a rather quick cutoff. Maybe if we can reach a gentleman's understanding to divide some time I will be pleased to entertain such a request.

Mr. HANLEY. Mr. Chairman, I am also willing to divide the time.

Mr. DERWINSKI. If we could have 10 minutes and divide it in some rational way I think it will be to everybody's advantage.

Mr. HANLEY. Fine. Then may I amend my request to say that all debate will end in 10 minutes, 5 minutes each being allocated to both sides?

The CHAIRMAN. The gentleman from New York (Mr. HANLEY) asked unanimous consent that all debate end in 10 minutes with 5 minutes being allocated to the proponents and 5 minutes allocated to the opponents.

Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The gentleman from New York (Mr. HANLEY) will be allocated 5 minutes to control the time of those speaking in favor of the amendment and the gentleman from Illinois (Mr. DERWINSKI) will be recognized for 5 minutes to control the time of the opponents.

Mr. HANLEY. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. JOHN L. BURTON).

(Mr. JOHN L. BURTON asked and was given permission to revise and extend his remarks.)

Mr. JOHN L. BURTON. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I supported the Alexander amendment the last time since I think that the Post Office is, as we know, considered a catastrophe. I am, however, going to support the committee amendment. In fact, I would have been willing to go totally the other way on an up and down on the Alexander amendment, based only on the fact that we are picking up that deficit.

Now the gentlemen can say that the Committee on Appropriations may not appropriate that money, or what have you. But, I mean I really do not want to increase the deficit by \$3½ billion for the Post Office. I will be willing to increase it by \$10 billion if it were for the elderly or if it were for the mentally retarded children. But if we are talking about debt limits, and if we are talking about a target budget and then we are talking about including the Post Office operations deficit in our own budget, and still talking about fiscal responsibility, then I am not about to do it.

For that reason I will support the committee amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DERWINSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would just like to sum up the figures. I think it is important for all Members to remember that the appropriation figure for the Postal Service now is approximately \$1.6 billion. They are going to receive that and have, in fact, in fiscal 1976. The amendment before us adds \$1.5 billion to this subsidy.

May I also point out that if the amendment is rejected, the limitation that will leave the first class stamp at 12 cents is retained in the bill.

May I also point out that when we pass

this amendment, we retain in the bill a substantial portion of what a majority of Members seem to feel is a necessary reassertion of congressional jurisdiction. It would be my recommendation that we reject this amendment and then, perhaps, we would have the proponents of the measure take the suggestion from many of their dear friends on the floor and have us go back to the committee and regroup. Then, bring a bill to the floor that will have strong support rather than the tremendous debate that has been encountered here this afternoon.

Mr. HANLEY. Mr. Chairman, I reserve the remainder of my time.

The CHAIRMAN. Does the gentleman from Illinois wish to speak further to the issue at this time?

Dr. DERWINSKI. No, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. HANLEY).

The question was taken; and on a division (demanded by Mr. DERWINSKI) there were—ayes 22, noes 41.

RECORDED VOTE

Mr. HANLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 196, noes 207, not voting 30, as follows:

[Roll No. 649]

AYES—196

Addabbo	Boggs	Delaney
Ambro	Boland	Dellums
Anderson,	Bolling	Derrick
Calif.	Bonker	Diggs
Andrews,	Brademas	Dingell
N. Dak.	Brodhead	Downey, N.Y.
Aspin	Brown, Calif.	Drinan
AuCoin	Burke, Calif.	Duncan, Oreg.
Badillo	Burke, Mass.	Duncan, Tenn.
Baldus	Burton, John	du Pont
Baucus	Burton, Phillip	Early
Beard, R.I.	Carmey	Eckhardt
Bedell	Chisholm	Edgar
Bergland	Clay	Edwards, Ala.
Biaggi	Cochran	Edwards, Calif.
Bieber	Conte	Ellberg
Bingham	Corman	Evans, Colo.
Blanchard	Cornell	Evins, Tenn.
Blouin	Daniels, N.J.	Fascell

Fisher	Mazzoli	Rinaldo
Flood	Meeds	Rodino
Florio	Melcher	Roe
Flowers	Metcalf	Rose
Ford, Mich.	Meyner	Rosenthal
Ford, Tenn.	Mezvisinsky	Rostenkowski
Gaydos	Mikva	Roush
Gonzalez	Miller, Calif.	Roybal
Gude	Mineta	St Germain
Hall	Minish	Sarbanes
Hamilton	Mitchell, Md.	Scheuer
Hanley	Mitchell, N.Y.	Schroeder
Hannaford	Moakley	Seiberling
Harkin	Mollahan	Shipley
Harrington	Moorhead, Pa.	Shriver
Harris	Morgan	Simon
Harsha	Motti	Slack
Hayes, Ind.	Murphy, Ill.	Smith, Iowa
Heckler, Mass.	Murtha	Spellman
Helstoski	Myers, Ind.	Stanton,
Henderson	Natcher	James V.
Hicks	Nedzi	Stark
Hillis	Nix	Steed

Howard	Nolan	Stokes
Hubbard	Nowak	Stratton
Jenrette	Oberstar	Studds
Johnson, Calif.	Obe	Sullivan
Jones, Ala.	O'Hara	Symington
Jones, N.C.	O'Neill	Thompson
Jones, Okla.	Ottinger	Traxler
Jordan	Patman, Tex.	Tsongas
Karth	Patten, N.J.	Ullman
Kazen	Patterson,	Van Deerlin
Koch	Calif.	Vander Veen
Krebs	Pattison, N.Y.	Vanik
Krueger	Pepper	Waxman
LaFaice	Perkins	Weaver
Leggett	Peyser	Whalen
Lehman	Pike	Wilson, C. H.
Levitas	Preyer	Winn
Litton	Price	Wolf
Long, La.	Pritchard	Yates
McCormack	Quillen	Yatron
McFall	Rangel	Young, Alaska
McHugh	Rees	Young, Ga.
McKay	Reuss	Zablocki
Maguire	Richmond	Zeferetti
Matsunaga	Riegle	

NOES—207

Abdnor	English	Kindness
Adams	Erlenborn	Lagomarsino
Alexander	Esch	Landrum
Andrews, N.C.	Eshleman	Latta
Archer	Evans, Ind.	Lent
Armstrong	Fenwick	Lloyd, Calif.
Ashbrook	Findley	Lloyd, Tenn.
Ashley	Fish	Long, Md.
Bafalis	Fithian	Lott
Bauman	Flynt	McClary
Beard, Tenn.	Forsythe	McCloskey
Bell	Fountain	McCollister
Bennett	Frenzel	McDade
Bevill	Frey	McDonald
Bowen	Fuqua	McEwen
Breckinridge	Gialmo	McKinney
Brinkley	Gibbons	Macdonald
Brooks	Gillman	Madden
Broomfield	Ginn	Madigan
Brown, Mich.	Goldwater	Mahon
Broyhill	Goodling	Mann
Buchanan	Gradison	Mathis
Burgener	Grassley	Michel
Burleson, Tex.	Hagedorn	Milford
Burlison, Mo.	Hailey	Miller, Ohio
Butler	Hammer	Mills
Byron	Hammer-	Moffett
Carr	schmidt	Montgomery
Carter	Hansen	Moore
Casey	Hastings	Moorhead,
Cederberg	Hays, Ohio	Calif.
Chappell	Hechler, W. Va.	Mosher
Clancy	Hefner	Myers, Pa.
Clawson, Del	Heinz	Neal
Cohen	Hightower	Nichols
Collins, Ill.	Holland	O'Brien
Collins, Tex.	Holt	Pettis
Conable	Holtzman	Pickle
Conlan	Howe	Poage
Cotter	Hughes	Pressler
Coughlin	Hungate	Quie
Crane	Hutchinson	Railsback
D'Amours	Hyde	Randall
Daniel, Dan	Ichord	Regula
Daniel, R. W.	Jacobs	Risenhoover
Danielson	Jarman	Roberts
Davis	Jeffords	Robinson
de la Garza	Johnson, Colo.	Rogers
Dent	Johnson, Pa.	Roncalio
Derwinski	Jones, Tenn.	Rousselot
Devine	Kasten	Runnels
Dickinson	Kastenmeyer	Ruppe
Dodd	Kelly	Russo
Downing, Va.	Kemp	Ryan
Emery	Ketchum	Santini
	Keys	
Sarasin	Steiger, Ariz.	Wampler
Satterfield	Steiger, Wis.	White
Schneebell	Stephens	Whitehurst
Schulze	Stuckey	Whitten
Sebelius	Symms	Wiggins
Sharp	Talcott	Wilson, Bob
Shuster	Taylor, Mo.	Wilson, Tex.

Sikes	Taylor, N.C.	Wirth
Skubitz	Teague	Wright
Smith, Nebr.	Thone	Wyder
Snyder	Thornton	Wylie
Spence	Treen	Young, Fla.
Staggers	Vander Jagt	Young, Tex.
Stanton,	Vigorito	
J. William	Waggoner	
Steelman	Walsh	

NOT VOTING—30

Abzug	Fary	Mink
Anderson, Ill.	Foley	Moss
Annunzio	Fraser	Murphy, N.Y.
Barrett	Green	Passman
Breaux	Guy	Rhodes
Brown, Ohio	Hawkins	Rooney
Burke, Fla.	Hébert	Sisk
Clausen,	Hinshaw	Solarz
Don H.	Horton	Udall
Cleveland	Lujan	
Conyers	Martin	

The Clerk announced the following pairs:

Mr. Annunzio for, with Mr. Hébert against.
 Mr. Rooney for, with Mr. Passman against.
 Ms. Abzug for, with Mr. Breaux against.
 Mr. Barrett for, with Mr. Burke of Florida against.

Mr. Green for, with Mr. Martin against.
 Mr. Conyers for, with Mr. Lujan against.
 Mr. Moss for, with Mr. Guyer against.
 Mr. Murphy of New York for, with Mr. Don H. Clausen against.
 Mr. Sisk for, with Mr. Cleveland against.
 Mr. Hawkins for, with Mr. Anderson of Illinois against.

Mr. Solarz for, with Mr. Hinshaw against.

Messrs. LAFALCE, ANDERSON of California, NEDZI, O'HARA, LEVITAS, MELCHER, WHALEN, McKAY, FORD of Tennessee, and Mrs. HECKLER of Massachusetts changed their votes from "no" to "aye."

Mr. ASHLEY changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Committee will rise informally in order that the House may receive a message.

MESSAGE FROM THE PRESIDENT

The SPEAKER resumed the Chair.

The SPEAKER. The Chair will receive a message.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Helting, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On October 21, 1975:

H.R. 6151. An act to authorize appropriations for services necessary to nonperforming arts functions of the John F. Kennedy Center;

H.R. 7706. An act to suspend the duty on natural graphite until the close of June 30, 1978, and for other purposes;

H.R. 8121. An act making appropriations for the Department of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes; and

H.R. 8561. An act making appropriations for Agriculture and Related Agencies programs for the fiscal year ending June 30, 1976, and for the period ending September 30, 1976; and for other purposes.

On October 22, 1975:

H.R. 8240. An act to amend title 38, United States Code, to provide special pay and incentive pay for certain physicians and dentists employed by the Department of Medicine and Surgery of the Veterans' Administration in order to enhance the recruitment and retention of such personnel, and for other purposes.

The SPEAKER. The Committee will resume its sitting.

POSTAL REORGANIZATION ACT
AMENDMENTS OF 1975

The Committee resumed its sitting.

AMENDMENT OFFERED BY MR. BUCHANAN

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: Page 18, immediately after line 11, insert the following new subsection:

(d) Section 3661 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) For purposes of this section, the term 'change in the nature of postal services' means any change or alteration in the type, quality, terms, or conditions of providing for the receipt, transmission, or delivery of mail matter of any type."

And redesignate the following subsection accordingly.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, I have discussed the amendment with the gentleman from Alabama (Mr. BUCHANAN). The amendment makes sense to me. I think it would be a good inclusion in the bill, so I am delighted to support the amendment.

Mr. BUCHANAN. I thank the distinguished chairman of the subcommittee for his support.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, I will ask the gentleman to state briefly what this amendment is.

Mr. BUCHANAN. Mr. Chairman, this amendment would define what we meant by the phrase "changes in the nature of the Postal Service" in the Postal Reorganization Act of 1970.

Mr. DERWINSKI, Mr. Chairman, the gentleman from New York (Mr. HANLEY) agrees with the amendment. We Republicans will also agree to the amendment.

Mr. HANLEY, Mr. Chairman, if the gentleman will yield, I will say to the gentleman from Illinois that I know it is his nature to be in disagreement.

Mr. BUCHANAN, Mr. Chairman, I thank both the chairman of the subcommittee and the ranking minority member for their support of my amendment. It will clarify the intent of Congress in the passage of section 3660 of the Postal Reorganization Act of 1970, and should serve to help protect the people from adverse changes in the nature of service and help provide them the hearing they deserve and the Postal Rate Commission the input Congress intended before such changes are implemented by the Postal Service.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. BUCHANAN).

The amendment was agreed to.

AMENDMENT OFFERED BY Mr. SIMON

Mr. SIMON, Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SIMON: At the end of the bill, add the following new section:

SEC. () . (a) The second sentence of section 3622(a) of title 39, United States Code, is amended to read as follows: "The Postal Service may submit such proposals for rate adjustments as it deems suitable, except that no such proposal may include a rate increase for any class of mail that exceeds the average percent rise in the price index for the 12-month period immediately preceding the month prior to the month in which such proposal is submitted."

(b) Section 3624 of title 39, United States Code, is amended by adding the following new subsection:

"(f) No recommended decision transmitted by the Commission under this section may include a rate increase for any class of mail that exceeds the average percent rise in the price index for the 12-month period immediately preceding the month prior to the month in which the request for a recommended decision was submitted to the Commission."

(c) Section 3625(b) of title 39, United States Code, is amended by adding the following sentence at the end thereof: "No decision of the Governors under this section may include a rate increase for any class of mail that exceeds the average percent rise in the price index for the 12-month period immediately preceding the month prior to the month in which the proposal for a recommended decision was submitted to the Postal Rate Commission under section 3622 of this title."

(d) Section 102 of title 39, United States Code, is amended:

(1) by striking the word "and" at the end of subparagraph (2);

(2) by striking the period at the end of subparagraph (3) and inserting "; and"; and

(3) by adding the following subparagraph:

"(4) 'price index' means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics."

(e) The first sentence of section 3622(a) of title 39, United States Code, is amended by striking out "From time to time" and inserting the following: "From time to time, but no more frequently than once during any 12-month period,".

(f) Notwithstanding any other law, the amendments made by subsections (b), (c) and (d) of this section shall apply to the temporary and permanent rates established pursuant to the request of the United States Postal Service for a recommended decision by the United States Postal Rate Commission dated September 18, 1975, bearing Postal Rate Commission Docket Number R76-1.

Mr. SIMON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SIMON, Mr. Chairman, if I may have the attention of the body, this amendment does two things. Some of the Members will recall that when we were last considering this bill in committee, I offered an amendment which did three things: It got rid of the Postal Rate Commission, it said that rates could not go above the Consumer Price Index, and that they could only have one rate increase during the year. That amendment was defeated by three votes.

The gentleman from California (Mr. HINSHAW), who is a member of the committee and who unfortunately cannot be here today, has drafted an amendment that I am introducing here today, and that amendment does two of those three things. It says simply that the postal rate increases cannot be in excess of the Consumer Price Index and there can only be one rate increase per year.

I think this is a sensible kind of restraint that we should put on the Postal Service. I would hope that the amendment merits the support and the consideration of the Members of this body.

Mr. Chairman, I would be happy to answer any questions any of the Members might have.

Mr. ROUSSELOT, Mr. Chairman, will the gentleman yield?

Mr. SIMON, I yield to the gentleman from California.

Mr. ROUSSELOT, Mr. Chairman, many of us in the committee, as the gentleman knows, felt very favorably disposed toward this amendment. We ap-

preciate the gentleman's offering it. I do not think there will be too many of us who would have any objections to this concept.

Mr. SIMON. Mr. Chairman, I appreciate the gentleman's support.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment.

I regret the necessity of doing this, but I have talked with the gentleman on numerous occasions concerning this matter.

Unfortunately, the Consumer Price Index is somewhat artificial and it applies to consumer costs, not corporate costs. I cannot see its appropriateness with regard to setting rates. As the Members know, we do have under the act a Postal Rate Commission.

I said to the gentleman that subsequent to the disposition of the bill before us we intend to call before us the Postal Rate Commission, along with the Board of Governors, for some colloquy on the entire matter of rates.

Mr. Chairman, I regret the necessity of my opposition to the gentleman's amendment.

Mr. SIMON. If the gentleman will yield, I would point out that this does not get rid of the Postal Rate Commission. I favor that, but this amendment does not.

Is it not correct that the Postmaster General just very recently said he hopes that the postal rates will not ever in the future exceed the Consumer Price Index, and is it not also true that the Postal Service, at the initial meeting of our full committee this year, pointed out that postal rates generally ought to be very close to the Consumer Price Index?

Mr. HANLEY. Again, I regret my opposition; but the fact is that we have had no hearings on this subject. It is a very complex subject. Prudently, it seems to me that the Congress, if it is going to move in the direction as suggested by this matter, should have the subject matter taken up at hearings so that we do not expand upon the errors that we already have within the institution by add-ons of this nature, which have not been given sufficient thought.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. Yes, I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman's yielding.

It is true that in the Federal retirement system we have attached those increases to the Consumer Price Index. We have done the same for the social security system, so why should we not benefit the postal users through the same index?

I really do not understand the gentleman's logic. There have been hearings on the general subject of the Consumer Price Index as an index for increases, and we do it for the Federal retirees and for the social security recipients.

I cannot understand why the gentleman from New York (Mr. HANLEY), who I know is conscious of improper increases, can, in effect, say that we should not now encourage the postal management to be governed by the same principle.

Mr. HANLEY. The gentleman recognizes that, and generally speaking, the postal users are not necessarily individuals. As the gentleman from California knows, there is only about 20 percent of the postal volume that can be characterized as individual mail. The other 80 percent is in the business and commerce category.

Again, therefore, what we would be doing is that we would be providing a destructive device for the already belabored postal rate commission.

The gentleman from California (Mr. ROUSSELOT), who I know is responsible, as always, would prefer, would he not, that the subject matter should have hearings and be deliberated upon, as opposed to on the spot here, within the next 10 minutes, making a decision that could, in effect, pull the rug out from underneath that commission? Would it not be more prudent to give a little time and a little thought prior to doing something of this nature?

Mr. ROUSSELOT. If the gentleman will yield further, I am delighted to respond. We did discuss this in committee. It is an established index, and it is true that 20 percent of the postal patrons are, in fact, individual users, but also the first-class users are many businesses that mail to their customers and their general constituencies.

I cannot understand why the gentleman is not willing to accept that index that we use for our retirees.

Mr. HANLEY. I will remind the gentleman that the amendment was considered in committee and defeated.

Mr. ROUSSELOT. That is true.

Mr. HANLEY. And defeated.

Mr. ROUSSELOT. Very narrowly.

Mr. HANLEY. And again, at that time I assured the author that, reasonably equipped, we would conduct a series of hearings and then act responsibly on the matter, as opposed to moving in the direction of compounding the problem we already have.

Mr. HANNAFORD. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. Yes, I yield to the gentleman from California.

Mr. HANNAFORD. I thank the chairman for yielding.

Would the gentleman answer this question: If the amendment were passed, would it enable us to adjust any of the rates above the cost of living? In other words, would it not lock in all of the rates so that we could not adjust second-, third-, and fourth-class mail beyond the cost of living, and in that way preclude the opportunity to adjust those classes in the future?

Mr. HANLEY. It could well have that effect. As I have already related, 80 percent of our mail happens to be business mail.

It is a little bit difficult to associate that usage with the cost of the index.

Mr. HANNAFORD. I thank the gentleman.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I move to strike the last word and I rise in support of the amendment.

(Mr. CHARLES H. WILSON of California asked and was given permission to revise and extend his remarks.)

Mr. CHARLES H. WILSON of California. Mr. Chairman, I dislike very much to find myself in disagreement with my good friend, the gentleman from New York (Mr. HANLEY) the chairman of the subcommittee, but I think that the amendment the gentleman from Illinois (Mr. SIMON) has introduced is a very responsible amendment.

The amendment is not identical to the amendment the gentleman from Illinois introduced in the committee in that he does not in this amendment attempt to abolish the Rate Commission. The only disagreement I have with the amendment is that he has not attempted to abolish the Rate Commission.

I think the gentleman from Illinois has taken a very mild approach. He is giving us an opportunity to put some controls over rate increases and bring some semblance of business-like methods to the rate problem which is one of the greatest problems we have insofar as the Postal Service is concerned.

I think it is a very important amendment. I hope we will support it.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, I have a feeling that at this point because of the complexity of this bill, and the frustrations that Members have with the Postal Service, that few Members are really listening to something as intricate as this amendment.

Let me say, first of all, that the gentleman from Illinois (Mr. SIMON) is an old friend of mine. I respect him as

being one of the more dedicated public officials in our generation but, frankly, this is not a workable amendment from just a logistical point of view. What this amendment would do is to create periodic gyrations in postal rates that would befuddle the public and befuddle the major users of the mails and would create administrative problems. It really is not the answer to the postal rate issue.

If we could ever get this bill back to the committee where it belongs, if we could work out a practical formula to limit rates and then attach to it a sort of post condition similar to the proposal being made by the gentleman from Illinois it might well make sense. But, frankly, at this time the acceptance of this amendment would make the functioning of the Rate Commission and the calculations of the Postal Service for short term rates almost unworkable.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Illinois.

Mr. SIMON. The gentleman says that this amendment would cause periodic gyrations of postal rates. Is it not true that this amendment restricts the amount? It restricts that gyration and also restricts the period, in fact it does just the opposite of what the gentleman has suggested it would do.

Mr. DERWINSKI. It does not. From an administrative standpoint, if the figures involved in the cost-of-living index would have applicability to the postal rates, it would mean that we would get into rate adjustments in terms of half cents, and so forth, and that would make it an extremely difficult management operation for the Postal Service. This would also be imposing an artificial condition that does not necessarily apply to the economics of the Postal Service.

Please understand I am not saying that this amendment does not have an understandable element to it, but right at this point it is not the practical time to apply it to a situation where there is already a state of flux in the postal rate situation. If this amendment were to pass and the gentleman's language would immediately apply, the Postal Service would face an unanticipated and major shortfall. Really what I am saying is the gentleman's intentions would have a certain practical approach if the situation we face were so clear cut that we could then apply the complexities of this proposal. It is not really so.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from California, even though the gentleman is not on the right side of this issue.

Mr. ROUSSELOT. I thank the gentleman for yielding.

Actually this is a prohibition against unwarranted raises in postal rates that is well protected by the amendment my colleagues, the gentleman from Illinois (Mr. SIMON), and the gentleman from California (Mr. HINSHAW), both members of the committee. They say that although it is attached to the Consumer Price Index, there may not be more than one raise in postage rates per year, and it is still subject to the Rate Commission's supervision. So I think my colleague, the gentleman from Illinois, and my colleague the gentleman from California, have done an excellent job with this amendment in making sure that the gyrations to which my colleague, the gentleman from Illinois (Mr. DERWINSKI) refers are eliminated. Those increases are prohibited; and there are adequate protections in the total amendment that I think we need to apply to the Postal Service.

I am sure that my colleague would want to provide those kinds of prohibitions and protections.

Mr. DERWINSKI. I do, but let me explain that evidently logic in southern California and southern Illinois does not directly relate to the absolute fact of life in the Postal Service. Once we establish for a reasonable period of time a rate structure in which we could solve the debate over allocations of costs, then an amendment of this nature has merit; but we are nowhere near that position yet, and this amendment would make it almost impossible to work out a practical rate structure for the Postal Service.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. SIMON).

The question was taken; and on a division (demanded by Mr. SIMON) there were—ayes 22, noes 32.

So the amendment was rejected.

AMENDMENTS OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mrs. SCHROEDER: On page 22, line 3, after the section designation "(9)" insert the designation "(a)"; and

On page 22, after line 9, insert the following:

(b) Section 3622 (b) (3) is amended to read as follows: "(3) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class of mail or type (including the costs caused by variability with volume, and all of the costs caused by the collection, transportation, processing, storing, and delivery of each class of mail or type of mail service), plus that portion of all other postal costs reasonably assignable to such class or type except that the revenue received from rates

for mail under former sections 4358, 4452 (b) and (c), and 4554 (b) and (c) shall not, on and after the first day of the sixteenth year following the effective date of the first rate decision applicable to those classes and kinds, exceed those proposed changes in the rates of postage, and in fees for postal service, requested on September 18, 1975, by the United States Postal Service in a request bearing Postal Rate Commission Docket Number R76-1, for those classes of mail. Not later than thirty days after the conclusion of any rate case involving these classes of mail, the Postal Service shall report to the appropriate Committees of the House and the Senate an estimate of the revenue to be obtained by application of this subsection and its appropriate separate rate schedule and an estimate of the revenue which would be obtained if section 3622 were applicable to these classes of mail for the succeeding twelve month period."; and

On page 22, line 12, strike the word "thereof" and insert in lieu of this word the words "of section 3626"; and

Strike the language from page 26, line 24, through page 32, line 26.

Mrs. SCHROEDER (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

Mr. DERWINSKI. Reserving the right to object, Mr. Chairman, may I ask the gentlewoman how long the amendments are in printed form?

Mrs. SCHROEDER. They are about one page.

Mr. DERWINSKI. Will the gentlewoman be prepared to give us the detailed explanation that I think complex amendments like this would require?

Mrs. SCHROEDER. I think I understand it enough to give the gentleman a detailed explanation. I would be more than happy to.

Mr. DERWINSKI. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

Mrs. SCHROEDER. Mr. Chairman, I ask unanimous consent that the amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

(Mrs. SCHROEDER asked and was given permission to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Chairman, my amendment will do three things. First, it will establish what was the intent of Congress in passing the Postal Reorganization Act of 1970—that each class of mail pay those direct and indi-

rect costs which are attributable to its processing. Second, it will protect those classes of mail which Congress has long considered to be charitable or nonprofit from large rate hikes in the future. Third, it will strike from H.R. 8603 the provision—section 12—which sets up a 2-year-long study commission to make recommendations about post rates.

When the Post Reorganization Act passed Congress in 1970, it was with the stated intent that eventually the Postal Service would become self-sufficient, and that each class of mail or mail service would eventually pay its own way.

Section 3622(b) of title 39 of the United States Code contains the essence of the ratemaking guidelines which the Congress gave to the Postal Rate Commission. It contains the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type of mail service. All other costs—namely, fixed costs or overhead—should be assigned on a reasonable basis.

I believe that the intent of Congress was clear—as the House committee report stated:

Rates are to be set so that each class of service pays at least its own identifiable costs.

But in practice, the Postal Service has used a cost allocation formula which defies commonsense—not to mention most accounting principles—and has worked out a complex system whereby its attributable costs are only half its total costs, and its fixed costs constitute the other half. When any business cannot figure out what its goods or services are costing it, it is asking for trouble.

For its second step of tortured logic, the Postal Service then assigns to first class mail the bulk of its fixed costs. The reasoning here is based on a complex sounding principle called the "Inverse Elasticity Rule." What it means is that since the Postal Service has a legal monopoly on the delivery of first class mail, people who want or need to use first class mail must pay whatever the Postal Service charges. The catch is that because first class users have, by law, no alternative to the Postal Service, the demand for first class is held to be "elastic"—and therefore the Postal Service can charge whatever the traffic will bear. And it does.

I believe that because of the costing system used by the Postal Service first class users now pay about 2 cents more for a first class stamp than they should. This constitutes, in my opinion, a hidden annual subsidy of more than \$1 billion which runs from first class users to other mail users. A similar accounting principle applied to bread—would have people

who eat bread—nearly everybody—paying extra for bread to subsidize those who eat cake.

I personally am willing to subsidize other classes of mail which have certain values and therefore perhaps should not be expected to fully pay their way. My amendment speaks to this question. But, it would be great to know all the facts before voting such subsidies. At the present time, this is not possible.

It is time that we make the Postal Service adhere to the principle, I do not think that first-class users should continue to subsidize the rest of the Postal Service. It amounts to taxation by administrative fiat.

With my amendment we would know exactly what the subsidy was. I think when this bill was discussed before, we talked about the fact that first-class mail users are subsidizing other classes to the tune of about a billion dollars a year. I think those Members who are from the following States should really listen: Massachusetts, Maine, Louisiana, Connecticut, Vermont, Pennsylvania, Rhode Island, Washington, Arkansas, Illinois, Iowa, North Dakota, Oklahoma, and soon to be Texas. I say this because the State Attorney General in Massachusetts has started a suit and these States have joined with him asking that the first-class rates be held at 10 cents and their contention is if the rate goes to 13 cents that is really unconscionable and we will be putting too much of a burden on the first-class users to subsidize all other classes of mail. They also state there has been a 117-percent rate increase in the first-class area since 1971, when the Postal Service took over. They feel very strongly the first-class rate has gone up very adequately and is being used indirectly as a backdoor subsidy for other classes.

My amendment would force the Postal Service to equitably attribute costs. And by clarifying the language in section 3622 (b) as to what constitutes "direct and indirect costs," I believe that we might be able to put behind us the ridiculous circumstances whereby the rate setting process now takes about 2 years rather than the 90 days originally envisioned by Congress.

Mr. Chairman, the second part of my amendment meets the objections which were made to my amendment offered on September 29. That is, some have argued that by making the various classes of mail pay their own way, we were going to make charitable and nonprofit mailers pay more than they can afford to and thus run them out of business. As I stated on September 29, I do not believe that this would happen and that I favor the continuation of the preferential rates which these mail classes receive—including

ing their subsidies. On September 29, I believed that the language of our present law—with its 16-year phase in of full rates for charitable and nonprofit mailers—was enough of a saving clause. But to meet this objection, the amendment I am offering today will freeze postal rates for certain classes at the ceilings contained in the Postal Service's own rate increase proposal of September 18, 1975. I will note that these proposed rates do not reflect what these mailers actually pay—as they are subject to phasing in and a public service subsidy, so the full levels of the proposed rates, until 1987, or will not go into effect 12 years to come. This means that the mail going into these classes will have measurable and assured rates, no matter what the effect of my amendment is on other classes.

The following classes will be protected:

First. Second class, or periodical, publications, covered by section 4358 of the former law. Publications allowed to be mailed under these lower rates include those for classroom or religious instruction, those of religious, educational, scientific, philanthropic, agricultural, labor, veteran's fraternal and associations of rural electric cooperatives program announcements or guides published by State educational radio or TV, and those devoted to the science of agriculture. Also, and very importantly, this section covers small publications mailed in county—such things as weekly rural newspapers.

The subsidies the taxpayers now gives these classes includes \$83.9 million in phasing and \$41.4 million in continuing appropriations. These levels would rise to \$122.8 million in phasing and \$35.0 million in continuing appropriations under the new rate proposal.

Second. Nonprofit rate bulk mail in the third class, as covered by section 4452 (b) and (c) of the former language of title 39 of the United States Code. The "phasing" appropriation for this class is now set at \$70 million and the Postal Service proposal would increase this to \$88.8 million. Continuing appropriations are also earmarked for this mail class by the Postal Service. This funding level is now \$182.5 million and the proposed rates would increase the level to \$260.8 million.

Third. Preferred rate publications, as covered by section 4554 (b) and (c) of the former law, this is the so-called library rate. Right now the phasing subsidy for this class is \$7 million with an additional \$21.2 million earmarked for continuing appropriations. These levels would rise to \$14.9 and \$13.1 millions respectively under the new Postal Service rate proposal and would remain unaffected.

Mr. Chairman, the third part of my amendment will eliminate from H.R. 8603 the part of the bill calling for a Study Commission on Postal Rates. Sometimes studies are good things. But, this issue has been studied to death already.

It was studied by the Post Office Department many times before the Postal Reorganization Act 1970 was passed.

It has been the subject of lengthy adversary proceedings in the Postal Rate Commission. Two cases, of a 1½ and 2 years of length, have been litigated on the matter. The costs of each case have been in the millions. I fail to see any worth to another study other than as window dressing which purports to tell our mail users that we are trying to get postal rates under control.

Mr. FORD of Michigan. Mr. Chairman, will the gentlewoman yield for a question?

Mrs. SCHROEDER. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, in looking at the second part of the gentlewoman's amendment, I see she in effect freezes nonprofit rates at a particular level for 16 years, but when we try to find out where she freezes them we discover nobody knows. What the gentlewoman does is freeze rates not at the levels set by the Rate Commission's determination but at the rate now being requested by this Postal Service Board of Directors that everybody just voted so vehemently against. Would the gentlewoman tell us what that rate structure is in the R76-1 she is going to freeze into the statute?

Mrs. SCHROEDER. It is very complex. I have the rate at the desk and I can show it to anyone. I believe it is about 20 percent higher than it was before on the average. It is based on suggested 1975 rate structure. The policy would be to hold the charitable/nonprofit mail at that level and change the accounting system, and then we may eventually wish to deal with the whole rate problem, and I assume that we do, because of the provision for a study of the rate structure in this bill. I do not think we can even study the rate structure until we have the facts. I think this amendment will help us get the facts and we as a body can decide.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Costing methodology is probably the most complex aspect of the U.S. Postal Service. I must remind the House that this subject was not brought up at all in the committee, let alone any hearings held on it.

The methodology embraced by this

amendment was in part rejected some time ago by the Rate Commission.

Again we are dealing with an extremely complex subject matter that I would hope very much would not be decided in the course of a few minutes that we have been here on the floor today. This is a subject matter that deserves the full attention of the committee through the hearing process.

So all I am saying essentially is that we are dealing with an extremely complex situation and I would hope very much we would not attempt to dispose of it in the affirmative and in so doing create another major problem than the Herculean one that we are already dealing with.

I would hope very much that the amendment of the gentlewoman from Colorado (Mrs. SCHROEDER) be voted down.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, if I recall correctly, we do have in this bill a provision to set up a Commission to study the public service. It is, as I understand it, the gentleman's intention, and it was our intention in the committee that this Commission in large measure address itself to this subject, the allocation of public service that is reflected in costs.

In effect, we have a mechanism in this bill that will in fair measure serve the areas addressed by the gentlewoman's amendment.

Mr. HANLEY. Mr. Chairman, the gentleman makes a very good point and a worthwhile contribution here. The language of the bill provides for the creation of a five-person study commission which will be charged with making recommendations on questions such as costing methodology for rates and the appropriate level of public service appropriations.

So matters of the nature suggested by the gentlewoman from Colorado (Mrs. SCHROEDER) and the previous amendment by the gentleman from Illinois (Mr. SIMON) all should be brought to the attention of the study commission in concert with the action of the Legislative Committee, so that we do think, hopefully, prudently and responsibly.

Mr. DEL CLAWSON. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from California.

Mr. DEL CLAWSON. Mr. Chairman, in your reference to methodology, if this amendment carries, would all the classes of mail receive the same treatment and be delivered at the same time, or would first-class mail receive special treatment?

Mr. HANLEY. Well, the contentions in the Winner decision, and this would be applicable in this case, would be that the first-class patron paid more than his or her share. The theory was specifically reversed by the Postal Rate Commission. So I think it really is a ball of wax that is extremely complex and could have very serious ramifications.

Mr. DEL CLAWSON. Mr. Chairman, I appreciate the response of the gentleman.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I would like to say several things. I think the rate structure has been studied over and over again. We got the present Postal Service from the results of a study, so I am sure that more studies are not the answer, especially without the facts. The administrative judge in the rate case did study the law. There were hearings in Congress when the Postal Reform Act was adopted and it was determined by the Congress that this is how the Postal Service should keep their books.

We now have 14 States joining together in a suit to have the Post Office should keep their books in the same manner the law states and the judge ruled. You said the Postal Commission overruled the judge but no one here even knows who is on the rate commissions and there were no reasons given by the commission for their decision. It was just kind of a pro forma decision probably one of the most poorly documented decisions I have ever seen written.

I think the Congress has an awful lot of responsibility to bear here. I think the firm mandate we gave the Postal Service to attribute their costs to different classes of mail has been ignored and we should insist on it, rather than telling the Postal Service continue on the way they have, the facts might help us to be more constructive in the future in the committee as we are dealing with this very difficult issue of what to do about the Postal Service.

Now we are really groping in the dark and do not have the facts on the costs of the different classes of mail. There are estimates that first class mail users spend a billion dollars a year more than they should.

Mr. HANLEY. Just to clarify a point, unfortunately there was no congressionally mandated study commission previous to the Reform Act of 1970. Had that been the case, I am confident that we would not be in the trouble we are in today, but there was no study commission back then. That was a surge from outside, influences that influenced the Congress, which went helter skelter in

the direction of reform.

Mrs. SCHROEDER. We had the Kaplan Commission that Congress funded.

Mr. HANLEY. That was a Presidential commission, not a congressionally mandated commission.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Colorado (Mrs. SCHROEDER).

The question was taken; and on a division (demanded by Mrs. SCHROEDER) there were—ayes 16; noes 31.

So the amendments were rejected.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: Page 32, insert immediately after line 26 the following:

SEC. 16. (a) Chapter 6 of title 39, United States Code, is amended by striking out sections 601 and 602, and by redesignating section 603 through section 606 as section 601 through section 604, respectively.

(b) The table of sections for chapter 6 of title 39, United States Code, is amended to read as follows:

"Sec.

"601. Searches authorized.

"602. Seizing and detaining letters.

"603. Searching vessels for letters.

"604. Disposition of seized mail."

SEC. 17. (a) (1) Chapter 83 of title 18, United States Code, is amended by striking out sections 1694, 1695, 1696, and 1697.

(2) The table of sections for chapter 83 of title 18, United States Code, is amended by striking out the items relating to sections 1694, 1695, 1696, and 1697.

(b) Section 1698 of title 18, United States Code, is amended by inserting "(other than letters or packages carried by private express)" immediately after "cargo".

(c) Section 1699 of title 18, United States Code, is amended by inserting "except where carried by private express and" immediately after "nearest post office," and immediately after "under my power or control,".

Mr. SYMMS (during the reading). Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred one Members are present, a quorum.

The Clerk will read.

The Clerk concluded the reading of the amendment.

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, it is ironic that if we are unsuccessful in repealing the private express statutes today, modern technology will end the Postal monopoly over first-class mail in a very few years without a fight. According to an in-house study conducted by the Postal Service, the volume of first-class mail is being reduced steadily by

the industry and Government use of electronic mail which is sometimes referred to as EFTS or electronic funds transfer system.

It is estimated that by the year 1985, 38 percent of all first-class mail will be sent by an electronic message. Ten percent of all social security checks are currently being electronically transferred directly to the recipients bank. The Postal study further reveals that by 1985, nearly 60 percent of all transactional first-class mail will be sent outside the postal system. This statistic is more dramatic since it is the transactional mail which represents the "cream" which would be "skimmed" by repealing the private express statutes. Transactional mail contains the lucrative computerized and presorted billings and advertising which are sent at the first of each month.

For example, American Express would no longer send through the mail a monthly statement of purchases since the money from the purchaser's account would automatically be transferred to the seller's bank when the sale was made. I think that it is important to include these facts in a discussion of the private express statutes because historically, Americans have found faster and more efficient ways of transferring their messages. A good example is the Pony Express, which was a private initiative to deliver letters in days which normally took months to receive.

The postal monopoly on first-class mail will be eliminated, because private industry cannot afford the luxury of an inefficient postal system.

In a recent newsletter to my constituents, I asked whether or not they favored the repeal of the private express statutes. The results of the poll indicate that 75 percent of those who returned the questionnaire believe that private corporations should be allowed to carry first-class mail.

Time and Sports Illustrated magazines are now experimenting with home delivery by newspapers carriers as an alternative to the sharply rising costs of mail delivery. Time Inc. has also contracted with National Postal Service, a privately owned company, for the delivery of Time and four monthly magazines in the San Francisco Bay area. Dow Jones is also experimenting with the delivery of the Wall Street Journal through a newspaper carrier network in urban areas. Even the Federal agencies are using private carriers, the General Services Administration has estimated that approximately \$5 million of business was conducted with private postal corporations in 1974.

Presently there are 11 privately owned postal services, carrying second-, third-, and fourth-class mail in various parts

of the United States and these firms are attracting sufficient business to support their continuation.

The privately owned United Parcel Service has continued to attract customers away from the U.S. Postal Service and now delivers more packages than the Postal Service. It damages only one package for every five damaged by the Postal Service and its rates are cheaper. Yet it continues to make substantial profits and produces revenues to the Government by paying taxes on the profits.

Americans will be subsidizing the Postal Service to a tune of \$3.1 billion this year if this legislation passes. This fact combined with increased postal rates shows that the Postal Reorganization Act has not worked. It is time to make the Postal Service competitive with private enterprise. It is time to have tax dollars from private postal corporations coming into the General Treasury rather than billions being spent on an organization which does not even have the right to layoff its employees. Let us not make the same mistake 3 years hence that we did this year in postal contract negotiations and allow the postal unions to threaten to strike if they do not get the terms that they demand.

I urge my colleagues to vote yes for the repeal of the private express statutes.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Idaho (Mr. SYMMS).

Mr. SYMMS. I thank the gentleman for yielding. I would like to congratulate the gentleman for his statement and for putting this amendment before this House. I would say to the members of the committee that we have been debating about all these problems in the Post Office for many years. Mr. Chairman, for the 3 years I have been here we have debated the problems of Postal Service delivery, but we have always avoided the subject of monopoly. We hear a great hue and cry around here about oil monopolies and other kinds of business monopolies that may come as a result of Government regulations or market advances that may be achieved through large capital formations, and so forth.

But nobody ever talks about the postal monopoly. That is what is wrong with the Post Office. A little competition would probably be good for them.

As to a comparison of rates for postal service with those of other businesses, one of the problems is the lack of competition because the Government has imposed this monopoly.

Does the gentleman know when it was that this monopoly began? What year was that?

Mr. ROUSSELOT. Mr. Chairman, there were different phases of this development, and the laws have been tightened from time to time to protect the monopoly which the Post Office maintains. Of course, the Post Office service had existed previously in this country by contract to private carriers, including Wells Fargo.

Mr. SYMMS. Mr. Chairman, as I understand it, the post office did not enjoy its monopoly until about 1850.

The CHAIRMAN. The time of the gentleman from California (Mr. ROUSSELOT) has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 3 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, the Congress has consistently added laws which have in effect given the Postal Service the kind of monopoly to which the gentleman refers. It is true that in 1850, or in that general time period, we really began to prevent other services from delivering to households on a first-class mail basis.

Mr. SYMMS. Mr. Chairman, if the gentleman will yield further, I understand at one time in the early part of the 19th century they used to have 4-day deliveries in New York City with private postal carriers competing against the U.S. Post Office. The rates were much higher, but the business community chose to use those private carriers in many instances.

Mr. ROUSSELOT. That was because the service was so much quicker and they did not have to carry it down the road 75 miles to get it sorted.

Mr. SYMMS. I understand that actually 95 percent of all the mail prior to 1850 was carried by private carriers.

Mr. Chairman, I urge support of the gentleman's amendment.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for his support.

Looking at the history of the mail delivery service when it was originally started under the Federal Government, most of it was done on a contract basis by carriers. It was only in the more recent years that we gave the Postal Service a total monopoly, and that was when many of our problems began.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my good friend and colleague, the gentleman from Michigan (Mr. FORD), so that he may further enlighten us on this subject.

Mr. FORD of Michigan. Mr. Chairman, I thank the gentleman for yielding.

I would like to ask the two gentlemen from the Far West, the gentleman in the well and the gentleman from Idaho (Mr. SYMMS), if they have any information about who there might be in private en-

terprise who would be ready, willing, and able to take over the rural free delivery.

Mr. ROUSSELOT. Mr. Chairman, I can partially answer the question.

As far as the rural free delivery is concerned, the Postal Service will continue to provide that service, and we have provided all kinds of subsidies for that under the appropriations this year.

My answer to my colleague's question is that I believe under the provisions of my amendment the Postal Rate Commission, which still stands in place, could, if it preferred, license others for given areas in order to insure that anyone who did provide that service would be required to provide it for the whole area they intend to cover.

In further answer to my colleague's question, there are many companies that are not only prepared to go into this business but that already have these types of similar services that they now provide. In many cases they could provide the service at a cheaper price. I am not saying the service would be perfect, but I do not think the gentleman professes today that the Postal Service has been perfect in its delivery system.

Mr. Chairman, I would be glad to yield to my colleague, the gentleman from Idaho (Mr. SYMMS), who I am sure has other ideas on the subject.

Mr. SYMMS. Mr. Chairman, I do have some other ideas.

Of course, we have the United Parcel Service, which now delivers in many areas, and they are willing to deliver anywhere in the country, to the farms or wherever they are asked to go.

Mr. FORD of Michigan. They deliver what to the farms?

Mr. SYMMS. They deliver fourth-class mail and parcel post.

Mr. FORD of Michigan. Yes, but they will not deliver social security checks 6 miles out in the country.

Mr. SYMMS. They would if they were allowed to.

Mr. ROUSSELOT. Mr. Chairman, as the gentleman knows, under the electronic system they are already depositing 10 percent of the social security checks in banks. It is anticipated that 100 percent of social security checks will be directly deposited by 1985.

Mr. SYMMS. Mr. Chairman, if the gentleman will yield further, I would like to say also to my good friend, the gentleman from Michigan (Mr. FORD) that in my State there are many places far removed from post offices. My place is about 10 miles from the nearest post office or the nearest town, and some of my friends live 40 or 50 miles from the nearest town. They live far from any post office, and they still get mail and butter and eggs and ice cream delivered to their places; yet much of this is perishable.

So I say we should let the people who deliver the butter, the eggs, and the ice cream deliver the mail. They are the people, in other words, who serve the marketplace.

Mr. FORD of Michigan. Mr. Chairman, I rise in opposition to the amendment.

(Mr. FORD of Michigan asked and was given permission to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Chairman, I want to compliment the gentleman from California (Mr. ROUSSELOT) for the boldness and the imaginativeness of his amendment.

I do not think that since candidate BARRY GOLDWATER proposed turning social security over to private enterprise in 1964 I have heard anything as bold and as imaginative as the proposal now being made by the gentleman from California (Mr. ROUSSELOT).

It sounds great, does it not, that we would, after all these years, throw open the free enterprise system by letting anybody who wants to, on any basis he wants to, compete with the Post Office?

I heard the gentleman from Idaho (Mr. SYMMS) say:

If they can deliver butter and eggs and other perishables on a rural route, they probably could deliver mail, too,

If they could get the price they are getting for butter and eggs per person or per trip for going out to that rural place, maybe they will be able to deliver mail.

There is not any question that there are plenty of people in this country ready, willing, and able to take the cream off the top of the bottle, but that leaves the other people who will have to depend on what is left of the Postal Service to bear the cost, together with the rest of the taxpayers.

If all of the premium mail—the premium mail is that type of mail that now gets dropped out of an office building in the downtown section of one of our cities into the Postal Service, is presorted, sorted to route, sorted to building, takes very little handling, and pays off handsomely; it is profitable mail to handle—if all of that is turned over to somebody to skim off, then what are we going to have to support the rest of the Postal Service?

There is no place in the United States where we have a single rural route that can conceivably pay its own way. This committee is fighting now with the Postal Service because of their attempt to close some 4,000 small post offices in small communities across this country by depriving the people of a subsidy system to accomplish that.

I am fully aware of and support organizations like the United Parcel Service. They deliver more parcels in my district,

I suspect, than does the Post Office Department, but the problem is that they do not yet deliver in everybody's neighborhood, and they are not likely to in the foreseeable future.

I know about the people who are willing to pass out mail in the highly concentrated areas of our country, but I know of parts of the State of Michigan that will never have access to that kind of distribution.

If we take the cream off the top of the bottle, what is going to be left is going to be awfully bitter for our taxpayers and users who live outside of the range of the cream area; it will be bitter for them to swallow it.

Mr. HENDERSON. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. Yes, I yield to the gentleman from North Carolina.

Mr. HENDERSON. Mr. Chairman, I am most appreciative that the gentleman from Michigan (Mr. Ford) is making an argument that is absolutely a fact as it relates to rural delivery in America.

Certainly, as chairman of the committee and as one who represents one of the most rural districts, I will not let the opportunity go by to associate myself with the gentleman's argument because if this amendment is adopted, rural delivery in America as we have known it will go by the board. I appreciate the gentleman's reasoning and argument in this regard.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. Yes, I yield to the gentleman from California.

Mr. ROUSSELOT. The gentleman knows that the United Parcel Service now is certified to serve the entire country.

Mr. FORD of Michigan. No, the gentleman does not know that the United Parcel Service now serves the entire country. I think it crosses the country and is in some part of every State, but they are not yet in all parts of every State.

Mr. ROUSSELOT. I think the gentleman is right. There are probably some very remote places which they do not go every day. But UPS is in fact prepared to serve all areas of the country.

Mr. FORD of Michigan. Like the entire western part of Nebraska.

Mr. ROUSSELOT. Even the Post Office Department, I might say, does not cover every single inch of Mount Lassen.

Let me also say that there is nothing in this amendment that prevents a subsidy for the rural system, which the Post Office now provides. There is nothing in this amendment that touches that at all. Therefore, the gentleman knows full well that that service will be provided on a continuing basis but it is also possible that in many cases, a private system might be able to operate just as well.

Mr. FORD of Michigan. Mr. Chairman, I will not yield further to the gentleman.

That is just not true.

The fact is that we provide the legal basis for the postal corporation to collect and deliver mail and deny private people the right to compete with them in the cream areas.

Mr. DU PONT. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Delaware.

Mr. DU PONT. Mr. Chairman, earlier the gentleman made a comment that I do not think we ought to allow to slip by. The gentleman said this was the most brilliant idea that had come along since Senator GOLDWATER's suggestion that the Social Security be placed in the private sector.

Mr. FORD of Michigan. Mr. Chairman, if the gentleman will permit me to interrupt, I said bold and imaginative, certainly not brilliant.

Mr. DU PONT. Very well, bold and imaginative. But I think there has been one idea in between that I think has been one of the most bold and imaginative ideas and that was the suggestion by the gentleman from Arkansas (Mr. ALEXANDER) of bringing the Postal Service back into the Congress.

Mr. TAYLOR of Missouri. Mr. Chairman, will the gentleman yield? If the gentleman will yield, I would like to inquire of the author of the amendment as to how the franked mail would be handled under this proposal.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. Ford of Michigan was allowed to proceed for 2 additional minutes.)

Mr. TAYLOR of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Missouri.

Mr. TAYLOR of Missouri. I just wanted to inquire of the author of the amendment if this amendment, if adopted, if these people would have the opportunity to compete with the franked mail.

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield, I frankly do not believe it will be any different than it is under present law. How is that? I am sure the Postal Service—

Mr. FORD of Michigan. Mr. Chairman, if the gentleman will pardon, the gentleman is using my time.

Mr. ROUSSELOT. The gentleman from Missouri wanted me to answer his question.

Mr. FORD of Michigan. And I recall that you answered by saying you could not answer it.

Mr. ROUSSELOT. No, I started to say that the Postal Service will continue to

charge the Congress for the franking service at \$46 million per year.

Mr. FORD of Michigan. I am distressed, Mr. Chairman, by the fact that the gentleman has offered an amendment and does not know what is in the amendment.

Mr. ROUSSELOT. I will be glad to listen to the gentleman's filibuster.

Mr. FORD of Michigan. I do not want to offend you.

Mr. ROUSSELOT. My belief is the Post Office would continue to provide the franking service to Congress, but if they felt that they could provide that mail service at a cheaper price the Post Office might contract it out. I think that is the way it should be.

Mr. FORD of Michigan. Mr. Chairman, I might add that one of the serious problems that we have had with the Postal Corporation since its inception is the games that they have been playing with contracting. We have never saved the taxpayers money by contracting out, or have we improved service by contracting out or have we improved the relationship between the service, its employees and the customers or the Congress.

I cannot see how the gentleman can ask this House at this time, in light of the already expressed animosity toward the Postal Corporation, to give that board of directors further unlimited contracting authority.

Mr. ROUSSELOT. No; I did not say that it should have unlimited authority to contract out.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HANLEY. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, apparently many of my colleagues have looked forward to this day, and a number of the Members have looked upon it as a "Destroy the Post Office Day."

Mr. Chairman, it is a little difficult for me to conceive that the knowledgeable gentleman from California (Mr. ROUSSELOT) who sits on this committee, would offer this amendment.

When one talks about the private express statute, that is the heart of the U.S. Postal Service, as it was with its predecessor, the U.S. Post Office Department.

So, already we have said to the Postmaster General that, no, we are not going to give you, by appropriation, the money you need to run the institution.

On the other hand, we have said by no means do we want you to raise the postal rates.

So now we tell them, look, you can no longer enjoy your monopoly on first class

mail that has traditionally been given to the Post Office Department since the very beginning.

So it is inconceivable to me that such overtures continue to be made.

Whoever the Postmaster General would be would have to be a miracle man to be able to operate that entity under the terms that some folks here in the Congress suggest.

I think the gentleman from Michigan (Mr. FORD) has eloquently spelled it all out, and that is it would give to the private entrepreneurs the right in effect to skim the cream off the crock.

And we have the gentleman from Idaho supporting the amendment and yet the gentleman's own State would be one of those that would suffer the most with the private express statute.

Mr. SYMMS. Would the gentleman yield?

Mr. HANLEY. When I finish my statement I will yield to the gentleman.

Mr. Chairman, the sparsely populated States in this Nation would be the ones who would suffer the most under the provisions of the amendment offered by the gentleman from California (Mr. ROUSSELOT). The cost of delivering mail in areas such as that would be prohibitive.

So how in the world do we expect the Postmaster General to run that organization under the terms that some of the people have suggested here today?

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

There are two things that could happen. One is we forget that there are other kinds of profits besides monetary profits. Those of us who live out in the great Far West and the Pacific Northwest enjoy the smell of pines in the Palouse. We may have to pay more to have a letter delivered, but there are other compensating benefits. We do have good telephone service even though we may not have the same rates for all the telephone service, but we do have good telephone service. Maybe this is one of the trade-offs one may have if he lives up in the great area of the Northwest country. But we can get milk, butter, and eggs delivered. I cannot believe that the market cannot take care of letters.

In answer to the gentleman's question, about the frank, if the gentleman will yield further, about the frank, that is a problem Congress would not necessarily have to worry about. We would let the market take its course, and see what happened.

Mr. HANLEY. The gentleman men-

tions the telephone service in Idaho. The people in Idaho pay their full share of that operation; not so with regard to the U.S. Postal Service. It costs that Service probably in excess of \$1 for every postal patron. This cost is 10 cents for a stamp. So I would hope very much that commonsense and good judgment will prevail here today. Please do not up the costs further by adopting the amendment offered by the gentleman from California.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from Kansas.

Mr. SKUBITZ. I thank the gentleman for yielding.

I am not going to support the amendment, but I think the amendment clearly shows how desperate some people will get to try to get an improved mail service. I have reached the place where I am ready to vote for anything to get the Postal Corporation out of business and get somebody in that will actually start delivering the mail.

Nine days ago my son mailed my glasses from Wichita, Kans., which is on a direct air route. It has taken two long distance calls, to try to find out when they were sent and how they were sent. I do not care what we pay for mail services today, but whatever it is, it is not worth it with the kind of delivery we are receiving.

I thank the gentleman for yielding.

Mr. HANLEY. Again, as the gentleman related, there are a number of people who say that they are well served by it.

Mr. SKUBITZ. If the gentleman will yield further in the State of Kansas in the Fifth District of Kansas and that is the only group I can speak for. They now call the mail service the Pony Express System and are urging the Congress to buy faster ponies.

Mr. HANLEY. That being the case, probably the gentleman should support the Rousselot amendment and the people of Kansas spend \$2 for delivery of the mail by a private entrepreneur. I do not think they would enjoy that, but that is what they would be doing.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DERWINSKI. Mr. Chairman, there are too many brilliant statements being made in the Chamber. I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. SIMON. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I sympathize with what the gentleman is trying to do. I think the reality is—and I would yield to the gentleman to comment on this after my brief remarks—I think the reality is that the gentleman is not sure what would happen. My good friend, the gentleman from Michigan (Mr. FORD) and the chairman of our committee, the gentleman from New York (Mr. HANLEY) are not real sure what would happen. It is an uncertain area. I think it is too uncertain for us to take a chance; however, I would like to see a different amendment, an amendment that I would support, which would say let us take two test areas, let us take six counties in one State and six counties in another and let us try on an experimental basis and let us see what happens. That kind of amendment, I think, would be well worthwhile and I would support that kind of amendment.

Now I will be happy to yield to the gentleman from California (Mr. ROUSSELOT), if the gentleman wishes to respond.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman yielding.

Mr. Chairman, I certainly do not object to the concept the gentleman is recommending, that is, testing it in given areas. I am not sure that that kind of testing has not already occurred, say in the parcel post field by the United Parcel Service, which now is providing this service nationwide.

I believe also that we have had enough experimentation by private companies that are now delivering among their many offices throughout the country by other private systems.

Now, I believe that the ICC and other regulatory agencies have more than enough legislative and rulemaking power to limit any potential abuses that might occur. The so-called concern that there is great danger that private service would get out of hand in delivering through private hands is not true with the 11 companies that are now delivering other type mail besides first class.

The Postal Rate Commission also could enter this area. In fact, they would conclude there is an improper invasion of people's rights.

I clearly do not agree that it is impossible to make estimates as to what would occur in the market system if this amendment were to prevail, because the private companies are already doing it.

I think, as my colleague, the gentleman from Idaho and others will try to present, there are many, many delivery systems that we already have that are being provided by the private market system. Greyhound will provide a delivery system from one station to another and guarantee certain things, that is Greyhound bus.

So that I think it has been established that there is a possibility, and though I do agree with my colleague that it might be possible to provide some test areas, I think that that would automatically happen should we pass this amendment. No one is going to rush into the business if they feel they cannot compete with the Postal Service. If they think they cannot deliver at less cost, they are not going to be foolish enough to try to enter that system. So there are private companies already in existence that provide this nationwide for many corporations.

I do not share my colleague's and others great concern that it somehow is going to be utter disaster.

Let me give a quick example here. The Postal Service has a sorting system in central areas. I know what the intent was, but they forced all the post offices in that area to send their mail in to that point, although they have begun to repeal those requirements to send them 75 miles down the road and then they have to go back to the original area. I know many services in local communities can provide faster service than that at less cost.

Mr. SIMON. Mr. Chairman, I do not know that I could support such a sweeping program as proposed by the gentleman. Probably there are limited services in those situations and not such sweeping applications.

My feeling is before I am going to vote for something quite this sweeping I want to see in a limited geographical area an experimental program.

If the gentleman comes up with another amendment this afternoon—and I would think perhaps there is time enough to do that yet—I would support a limited geographical test kind of a situation, but I would feel that I have to oppose this kind of sweeping amendment.

Mr. ROUSSELOT. If the gentleman will yield further, there are presently nationally—most of them are operating in not just regional areas—11 private postal delivery services of various kinds. I think the gentleman would find that there would be others which would spring up in conjunction with the many, many

private delivery services we already have, but I appreciate my colleague's comments.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(On request of Mr. CHARLES H. WILSON of California and by unanimous consent Mr. SIMON was allowed to proceed for 3 additional minutes.)

Mr. CHARLES H. WILSON of California. Mr. Chairman, may I ask a question of the gentleman from California, my good friend (Mr. ROUSSELOT), through the gentleman from Illinois?

Mr. SIMON. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I am concerned about the wage rates that would be paid in the event we had a system of this sort. Is there anything in the gentleman's amendment to require Davis-Bacon to pay—of course, that is just construction jobs, but there would be prevailing wages paid for mail service by private express companies. As the gentleman knows, we do have union contracts with the Postal Service.

Mr. ROUSSELOT. I would be glad to try to respond to the gentleman. Of course, all of these private companies would be required to abide by all national laws such as minimum wage laws and so forth. As the gentleman knows full well, having been with me through the United Parcel operation, their employees are unionized and are paid better than the prevailing wage.

I think the answer here is that they are able to provide wages at the prevailing rate and that they would continue to be able to do it. There is no guarantee in here, but I would also say to the gentleman that, unlike the Postal Service, where there is presently a contract for no layoff, there clearly would not be that kind of guarantee.

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I just say that the fear the gentleman has about the chaos, and so forth, which might be in the future is a concern he should not have, because there are a lot of other examples where private enterprise has been allowed to operate, and we have seen a series of leapfrogs where one idea leapfrogs over another, which leapfrogs to a better idea. We went from the stagecoach to jet airliners, and we did it with private enterprise and not a forced monopoly. Who knows; maybe the same thing could be done with the mail carry-

ing service.

It may be compared with the telephone company. Today, we can call coast to coast for less than a dollar, where we can only mail about 10 letters for the price of 1 phone call. It used to be 1,400 letters for the price of one coast-to-coast phone call, so they continue to improve service until we finally burdened down the telephone company with Government regulations, if the Government would get out of it they would continue.

Mr. SIMON. The difficulty is that the gentleman is talking about a monopoly.

Mr. SYMMS. It is a regulated monopoly. However, we still have competitive forces in the marketplace which are working. I am not saying we are going to abolish the Post Office tomorrow. The Post Office talked about this same danger over a hundred years ago.

Lysander Spooner said in 1844:

If Congress cannot carry the letters of individuals as cheaply as individuals would do it, there is no propriety in their carrying them at all.

That is as true now as it was then. I will not buy the argument that we cannot get a letter delivered to Elk City, Idaho, and that the only way we get it done is because the Federal Government enjoys a monopoly enforced by law.

Mr. HANLEY. Mr. Chairman, I ask unanimous consent that all time for debate on this amendment and all amendments thereto expire in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Chairman, reserving the right to object, I want to say that a couple of my colleagues would like to address additional aspects of this situation. Would the gentleman say 15 minutes?

Mr. HANLEY. Mr. Chairman, I amend my request to ask unanimous consent that all time for debate on this amendment and all amendments thereto be limited to 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. SYMMS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. HANLEY. Does the gentleman object? Is not 15 minutes sufficient time? Does the gentleman from Idaho (Mr. SYMMS) withdraw his objection?

Mr. SYMMS. Mr. Chairman, I withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York (Mr. HANLEY)?

There is no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was made will be recognized for approximately 2 minutes each.

The Chair recognizes the gentleman from Illinois (Mr. CRANE).

(Mr. CRANE asked and was given permission to revise and extend his remarks.)

Mr. CRANE. Mr. Chairman, I have listened with interest to the debate this afternoon. In response to the gentleman from Michigan, let me say it is not a new idea nor is it necessarily a bold idea to propose private carriage of first-class mail. I might remind him further that when BARRY GOLDWATER introduced that bold idea with respect to social security, more people should have heeded him because the first report we got from the staff of the Social Security Subcommittee this year was that the present system is bankrupt. I think that is the direction in which the Post Office is clearly headed unless we can come up with some bold, imaginative, and creative reforms.

In addition to that, in the course of the discussion my good friend and colleague, the gentleman from Illinois, indicated that he is not sure what would happen if we remove these private express statutes which give the U.S. Postal Service the monopoly it enjoys.

Mr. Chairman, I think the textbooks on economics are replete with discussions and examples illustrating conclusively exactly what happens when we have a monopoly. I think a monopoly in the private sector is bad enough, but a Government monopoly, with its congenital inefficiency, is the very worst form of monopoly. For one thing, we consistently get higher prices, reduced output, and the gross inefficiency we have seen in the Postal Service operation.

Conversely, I think we also have innumerable examples of what competition, which we have all pledged ourselves to support and endeavored indirectly to promote with agencies such as the Small Business Administration can accomplish. We know that competition is a healthy thing, that it has been productive of good, and it has resulted in improved efficiency. So it is not an academic or theoretical discussion we are engaged in on the subject of monopoly versus competition. How, precisely, one might implement private carriage of first class mail can be left up to the private sector.

I could not have begun to tell you, back in the latter half of the 19th century, had someone placed on me the burden of getting 300 or 400 citizens transported from Washington, D.C., out to my colleague's district in California in 3 hours, how that would be accomplished.

The CHAIRMAN. The Chair recognizes the gentleman from Idaho (Mr. SYMMS).

(Mr. SYMMS asked and was given permission to revise and extend his remarks.)

Mr. SYMMS. Mr. Chairman, I just want to say to the gentleman in the well that, surprisingly, we have jet aircraft service in Boise, Idaho, Twin Falls, Pocatello, and some other places, so we are getting there too, without a Government monopoly.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Illinois.

Mr. CRANE. I thank the gentleman for yielding.

The point I was trying to make is that if the Members just continue to maintain their faith in the capacity of free men working within the framework of free institutions to accomplish miracles, sit back and marvel at what can be done in the private sector. We have seen it in every other aspect of our national experience, and I see no reason to suppose that there is room to doubt its capabilities on this particular subject.

Moreover, it is elucidating to note that the Postal Service itself has recognized the value of private carriage of first-class mail, because most recently, owing to the strike of Canadian postal workers, the U.S. Postal Service announced on October 24 of this year that it was temporarily suspending the private express statutes to permit private carriage.

I think, in addition to that, we do not have to reflect back too long ago to the time when we had the wildcat strike by the letter carriers in New York and recall how quickly the private sector filled that vacuum. Within 24 hours the mail was moving by small entrepreneurs. They were doing that, to be sure, despite the private express statutes. Yet everybody agreed that they were able to fill a void that was created by a temporary crisis.

I think it is important for us to heed not only the advice discussed earlier of the small business carriers, but the National Association of Manufacturers as well, which also urged competition in the area of carriage of first-class mail. We should also follow the example of the Postal Service itself by repealing these restrictions on the private carriage of first-class mail.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Chairman, I am a little surprised at the remarks that were just made by the gentleman from Illinois (Mr. CRANE). Actually the no-strike provision in present Postal Service contract is the thing that guarantees the delivery of mail.

Even though I have been trying to give the public employees and the postal employees the right to strike through my

subcommittee, the thing we have learned is that this is something the public does not want to put up with, at least in the foreseeable future.

It was not the small entrepreneurs who delivered the mail in New York when the outlaw or wildcat strike took place; it was the National Guard that delivered the mail in New York City.

The only thing we have now is the no-strike provision, which we would not have with private industry carriers. If we have private carriers, we would not have the no-strike provision, and we should let the postal carriers continue to deliver the mail the way they are doing now, unless my forward-looking legislation which I have been sponsoring for years should somehow, by some miracle, be successful.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. CHARLES H. WILSON of California. I yield to the gentleman from Illinois.

Mr. CRANE. Mr. Chairman, with respect to the case in New York City, indeed, the National Guard delivered some of the mail, but not all of the mail. There were individuals who delivered mail, too.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I would remind the Members that when we had the strike of the parcel workers, it was the U.S. Postal Service that was able to deliver the parcels, and I think it is extremely important that we preserve the monopoly that now exists so that we can be sure that the mail will be delivered throughout the country, to every hamlet, and to the rural and urban areas equally.

Mr. CRANE. Mr. Chairman, if the gentleman will yield further, I think it is important to note that along with the monopoly the gentleman refers to with respect to the first-class mail also goes the monopoly that is enjoyed by the National Letter Carriers Union, so if we have a strike by them, then we, indeed, have paralysis.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. HENDERSON).

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. HENDERSON. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, I thank the gentleman for yielding.

All I want to say is this: To put the matter into proper perspective, let me say that here in the United States we happen to enjoy the lowest postal rates of any country in the world community. For instance, the United Kingdom recently raised its rates to 16 cents, and we can go from there through all of the other countries in the world community and yet we will find ours has been main-

tained at a reasonable rate. So that is not a bad track record.

Again I ask, do we want to destroy this by supporting and voting for the amendment offered by the gentleman from California (Mr. ROUSSELOT)? I think not.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. DERWINSKI).

[Mr. DERWINSKI addressed the Committee. His remarks will appear hereafter in the Extensions of Remarks.]

The CHAIRMAN. The Chair now recognizes the gentleman from Pennsylvania (Mr. JOHNSON).

(Mr. JOHNSON of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of Pennsylvania. Mr. Chairman, if this amendment passes and becomes law, we will have dug the grave of the Post Office Department and our entire postal system as we know it.

There is not any question about it. We are flirting with a very, very serious matter here that goes to the very heart of our postal system. What we will make possible is a UPS within the first-class mail system.

How about the fourth-class post offices? In my district I have a good many of them. There are pretty nearly 6,000 of them in the United States. They will all, of course, be losing horrendous sums of money. Will this Congress then have the guts to vote to do away with fourth-class post offices when private express people are delivering mail in our communities, but the fourth-class post offices will have to deliver the rest of the mail to people out on the mud roads, all over the tough areas to go to?

I say, Mr. Chairman, that if the Members want to do away with the post office system as we know it today, if they want to scrap it, if they want to have the Government pull out of it, sell it, or turn it over to private enterprise, they should vote for this amendment because this is the first step in doing it.

We passed this Alexander amendment which everybody says is bringing the Post Office back to Congress.

Maybe it is, but this amendment destroys the very thing we are trying to do, and that is to save the Post Office Department.

I think for the Members to pass this amendment today would be one of the worst things we could do to our Postal Service. We have the finest Postal Service in the world, even though it is in disdain at the present time.

Our first-class mail is cheap, relatively inexpensive.

Give this Postal Service a little time. They are going to work this matter out. They had thrust upon them a whole new

system of carrying the mail, a whole new idea, and I say it is a dangerous thing to pass this amendment today.

The CHAIRMAN. The Chair now recognizes the gentleman from California (Mr. ROUSSELOT).

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, I think I made most of the arguments as to why I believe this is a worthwhile amendment. This amendment allows better participation by the private sector in providing for better delivery of our mail.

Many of the arguments my colleague, the gentleman from Pennsylvania (Mr. JOHNSON), just made were made about the United Parcel Service when it began to compete with the Postal Service. It was going to kill this, and it was going to kill that.

The fact is that it has given us a better capability to deliver parcel post, and in many cases, at less cost and more quickly.

All we are saying here is, let the private market system try to work.

Mr. Chairman, let me give the Members another example. My colleague, the gentleman from Michigan, brought up the problem of medicare, and this does relate to the ability of the private system to deliver.

The General Accounting Office has just recently produced a report that shows that the private system not only processes the medicare applications more rapidly, but at less cost than the Government does.

Why not allow that same service to be provided in the mail system as we do in medicare? The private system has delivered better at less cost than has the Government with respect to medicare processing.

Therefore, Mr. Chairman, I say to my colleagues that this is nothing more than permission for the private sector to try to compete. If the Postal Service is doing a better job, then people will use that because it will be at less cost.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. HANLEY) to close the debate.

Mr. HANLEY. Mr. Chairman, just one quick point for the benefit of the gentleman from Illinois (Mr. DERWINSKI) and that is that I want to advise that in the event of a work stoppage, the Postmaster General already has the authority to suspend the private express statute so that a crisis would not prevail.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The question was taken; and on a division (demanded by Mr. SYMMS) there were ayes 13, noes 27.

RECORDED VOTE

Mr. SYMMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 68, noes 319, not voting 46, as follows:

[Roll No. 650]

AYES—68

Archer	Flynt	McDonald
Armstrong	Frenzel	McEwen
Bafalis	Gillman	Madigan
Bauman	Goodling	Mathis
Beard, Tenn.	Gradison	Moore
Bennett	Grassley	Moorhead,
Bevill	Hagedorn	Calif.
Brinkley	Haley	Poage
Broyhill	Hammer-	Pressler
Buchanan	schmidt	Quillen
Burgener	Hansen	Robinson
Burleson, Tex.	Harsha	Rousselot.
Cederberg	Hechler, W. Va.	Schroeder
Clancy	Jarman	Schulze
Clawson, Del.	Johnson, Colo.	Shuster
Collins, Tex.	Kasten	Snyder
Conlan	Kelly	Steiger, Ariz.
Crane	Kemp	Stuckey
Devine	Ketchum	Symms
Dickinson	Kindness	Taylor, Mo.
Dingell	Lagomarsino	Winn
Duncan, Tenn.	Latta	Wylder
Erlenborn	Lloyd, Calif.	
Findley	Long, Md.	

NOES—319

Abdnor	Danielson	Heinz
Adams	Davis	Helstoski
Addabbo	de la Garza	Henderson
Alexander	Delaney	Hicks
Ambro	Dellums	Hightower
Anderson,	Dent	Hillis
Calif.	Derrick	Holt
Andrews, N.C.	Derwinski	Holtzman
Andrews,	Diggs	Howard
N. Dak.	Dodd	Howe
Ashley	Downey, N.Y.	Hubbard
Aspin	Downing, Va.	Hughes
AuCoin	Drinan	Hungate
Badillo	Duncan, Oreg.	Hutchinson
Baldus	du Pont	Hyde
Baucus	Early	Ichord
Beard, R.I.	Eckhardt	Jacobs
Bedell	Edgar	Jeffords
Bell	Edwards, Ala.	Jenrette
Bergland	Edwards, Calif.	Johnson, Calif.
Biaggi	Eilberg	Johnson, Pa.
Biester	Emery	Jones, Ala.
Bingham	English	Jones, N.C.
Blanchard	Esch	Jones, Okla.
Blouin	Evans, Colo.	Jones, Tenn.
Boggs	Evans, Ind.	Jordan
Boland	Evins, Tenn.	Karth
Bolling	Fasell	Kastenmeller
Bonker	Kazen	Keys
Bowen	Fish	Koch
Brademas	Fisher	Krebs
Breckinridge	Fithian	Krueger
Broadhead	Flood	LaFalce
Brooks	Florio	Lehman
Broomfield	Flowers	Lent
Brown, Calif.	Foley	Levitas
Brown, Mich.	Ford, Mich.	Litton
Burke, Calif.	Ford, Tenn.	Lloyd, Tenn.
Burke, Mass.	Forsythe	Long, La.
Burlison, Mo.	Fountain	Lott
Burton, John	Frey	McClory
Burton, Phillip	Fuqua	McCloskey
Butler	Gaydos	McCollister
Byron	Gialimo	McCormack
Carney	Gibbons	McDade
Carr	Ginn	

Carter	Goldwater
Casey	Gonzalez
Chisholm	Gude
Clay	Hall
Cochran	Hamilton
Cohen	Hanley
Collins, Ill.	Hannaford
Conable	Harkin
Conte	Harrington
Corman	Harris
Cornell	Hastings
Cotter	Hawkins
Coughlin	Hayes, Ind.
D'Amours	Hays, Ohio
Daniel, Dan	Heckler, Mass.
Daniel, R. W.	Hefner

McFall
McHugh
McKay
McKinney
Macdonald
Maguire
Mahon
Mann
Matsunaga
Mazzoli
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva

Milford	Rallsback	Stanton,
Miller, Calif.	Randall	James V.
Miller, Ohio	Rangel	Stark
Mills	Rees	Steed
Mineta	Regula	Steelman
Minish	Reuss	Stephens
Mitchell, Md.	Richmond	Stokes
Moakley	Riegley	Stratton
Moffett	Rinaldo	Studds
Mollohan	Risenhoover	Sullivan
Montgomery	Roberts	Symington
Moorhead, Pa.	Rodino	Talcoff
Morgan	Roe	Taylor, N.C.
Mosher	Rogers	Thone
Mottl	Roncalio	Thornton
Murphy, Ill.	Rooney	Traxler
Murtha	Rose	Treen
Myers, Ind.	Rosenthal	Tsongas
Myers, Pa.	Rostenkowski	Ullman
Natcher	Roush	Van Deerlin
Neal	Roybal	Vander Veen
Nedzi	Runnels	Vanik
Nichols	Russo	Vigorito
Nix	Ryan	Waggonner
Nolan	St Germain	Walsh
Nowak	Santini	Wampler
Obearstar	Sarasin	Waxman
Obey	Sarbanes	Weaver
O'Brien	Satterfield	Whalen
O'Hara	Scheuer	White
O'Neill	Schneebeli	Whitehurst
Ottinger	Sebelius	Whitten
Patman, Tex.	Seiberling	Wiggins
Patten, N.J.	Sharp	Wilson, Bob
Patterson,	ShIPLEY	Wilson, C. H.
Calif.	Shriver	Wilson, Tex.
Pattison, N.Y.	Simon	Wirth
Pepper	Skubitz	Wolf
Perkins	Slack	Wright
Pettis	Smith, Iowa	Yates
Pickle	Smith, Nebr.	Yatron
Pike	Spellman	Young, Alaska
Preyer	Spence	Young, Fla.
Price	Staggers	Young, Tex.
Pritchard	Stanton,	Zablocki
Quie	J. William	Zeferetti

NOT VOTING—46

Abzug	Fraser	Murphy, N.Y.
Anderson, Ill.	Green	Passman
Annunzio	Guyser	Peyser
Ashbrook	Hébert	Rhodes
Barrett	Hinshaw	Ruppe
Breaux	Holland	Sikes
Brown, Ohio	Horton	Sisk
Burke, Fla.	Landrum	Solarz
Chappell	Leggett	Steiger, Wis.
Clausen	Lujan	Teague
Don H.	Madden	Thompson
Cleveland	Martin	Udall
Conyers	Meeds	Vander Jagt
Daniels, N.J.	Mink	Wylie
Eshleman	Mitchell, N.Y.	Young, Ga.
Fary	Moss	

Mr. YOUNG of Texas changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. HANLEY. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close in 1 hour.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. EDGAR. Reserving the right to object, Mr. Chairman, I reserve the right to object because I am one of the persons waiting in a long line with an amendment. I would like to protect my opportunity to offer that amendment today. As we have seen with the last couple amendments, they lasted in some cases an hour or more.

I am concerned that, with the large number of amendments left, I would be foreclosed from offering my amendment today.

Mr. HANLEY. Mr. Chairman, I am advised by counsel that there are approximately seven amendments left. Most of them are minor in nature. I believe we could virtually assure the gentleman that his would be considered.

Hopefully, the Chair might recognize the gentleman first.

The CHAIRMAN. The Chair desires to state that the limitation on time is on debate only, and that the gentleman will be able to offer his amendment.

Mr. EDGAR. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. Members standing at the time the request was made will be recognized for approximately 3 minutes each.

(By unanimous consent, Mr. DICKINSON yielded his time to Mr. BUCHANAN.)

AMENDMENT OFFERED BY MR. WHITE

Mr. WHITE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE. Page 32, immediately after line 26, add the following new section:

SEC. 16. (a) (1) Chapter 34 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 3406. Free postage for voting materials

"(a) (1) Any voting materials which are directly related to any election for Federal office or for State office, and which are mailed by an election official of any State or political subdivision of a State which is—

"(A) subject to the provisions of section 4(a) of the Voting Rights Act of 1965, as determined in accordance with section 4(b) of such Act; or

"(B) subject to the provisions of section 203 of such Act; may be mailed free of postage within the United States, if such election official makes such mailing as a means of complying with the provisions of the Voting Rights Act of 1965 specified in subparagraph (A) or subparagraph (B).

"(2) Any such election official, in making any mailing under this subsection to any individual eligible to vote in the election involved, may enclose free mail covers in any such mailing. Any such free mail cover shall list a return address and may be used only for the transmission of voting materials.

"(b) For purposes of this section—

"(1) the term 'election official' means any individual designated by the chief executive officer of a State, or by the laws of such State, to be responsible for the conduct of elections for Federal office or for State office in such State;

"(2) the term 'free mail cover' means any envelope, wrapper, label, or card used to transmit mail free of postage under this section;

"(3) the term 'State' includes the District of Columbia; and

"(4) the term 'voting materials' means voter registration application forms, voter registration certificates, absentee ballots, and instructions relating to the proper use of such materials, and nonpartisan voter instructions."

(2) The table of sections for chapter 34 of title 39, United States Code, is amended by adding at the end thereof the following new item:

"3406. Free postage for voting materials."

(b) (1) Section 2401(c) of title 39, United States Code, is amended by striking out "3405" and inserting in lieu thereof "3406".

(2) Section 3627 of title 39, United States Code, is amended by striking out "3405" and inserting in lieu thereof "3406".

Mr. WHITE (during the reading). Mr. Chairman, I ask unanimous consent that my amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

(Mr. WHITE asked and was given permission to revise and extend his remarks.)

Mr. WHITE. Mr. Chairman, I offer an amendment the type of which was requested by the secretary of state of Texas, will enable States and other political subdivisions covered under the Voting Rights Act to encourage voter participation in State and Federal elections. The amendment is exact in substance to the language I submitted for entry into the CONGRESSIONAL RECORD of October 23, except for four clarifying words which I have added in response to questions I have received from other Members of the House.

The text of my amendment was distributed to the House membership in a letter I sent on October 28. The words I am adding is in the definition of voting materials, where "nonpartisan voter instructions" is included in order to clarify the types of materials which can be sent free of postage.

Mr. Chairman, when this Congress passed the Voting Rights Act Amendments of 1975, we imposed upon the

States and covered political subdivisions a responsibility for bilingual election materials, in addition to a clear responsibility to meet the standards of voter turnout. The role of the Federal Government in affecting voting procedures in order to guarantee every eligible American voter his or her right to vote has been established since the Voting Rights Act was originally enacted in 1965. In expanding the triggers and coverages this year, the purview and requirements of the law has reached beyond the original 18 States affected. As we are all well aware the Bureau of Census is in the process of determining those States and other political subdivisions which will become covered under various parts of the act. Those areas have a responsibility to increase voter participation by non-minorities as well as minorities, and a financial burden will accompany the required procedures and any initiative by those States and political subdivisions in meeting those standards.

Principally, my amendment would grant free postage for voter registration materials and nonpartisan voter information for those States and political subdivisions that are now and will become subject to the requirements of the Voting Rights Act.

In telephone conversations with the Bureau of Census, I am advised that some 600 areas will be newly covered under the act, particularly in the area of bilingual election material requirements. It has been determined thus far that 13 States have Statewide coverage under various parts of the act. Twenty-two other States have counties, towns, cities or other subdivisions which come under the Voting Rights Act.

Originally, when my State had discussed the possibility of introducing this proposal, it would have applied the free postage privilege to all States. But with over 145 million registered voters in the country, I feel that the cost of such a postage privilege may not be compatible with the budgetary constraints under which we are presently laboring. What is essential and equitable, however, is that we provide the privilege to all of those States and subdivisions which we, the Federal Government, have determined as in need of improved voting practices. In my discussions with several State elections officials, I would say that when we speak of cost, we are accounting generally in terms of two such mailouts to the registered voters in the covered jurisdictions. In those 13 States having statewide coverage under a particular part of the Voting Rights Act, the entire State would have the postage privilege as described in my amendment. In those 22 other States which have only certain

counties or other subdivisions covered, the postage privilege would apply for the State and Federal elections held in those covered jurisdictions.

My proposal does not seek to inject Federal funds toward a responsibility that has heretofore been a State responsibility. Congress has already established the Federal Government's function with respect to preventing discrimination in voting practices and in encouraging the States to improve their procedures. The validity of coverage under the Voting Rights Act is not at issue here. What is critically important is the fact that certain standards and formulas have been set with respect to voter participation. To comply with these requirements places a considerable financial burden on each State and other jurisdiction involved. To encourage the fullest initiative by those federally determined covered areas is incumbent upon every Member who supported the Voting Rights Act. By accepting my amendment, we will be assisting them in dealing with the costs inherent in the Voting Rights Act requirements and helping to insure compliance by increasing voter registration efforts and participation.

We are therefore bound by that principle to provide a means by which election officials can do their utmost to encourage voter turnout and conformance to the standards set forth in the Voting Rights Act. I hope you will support me in this effort. I hope you will also support the members of your State delegation who have areas that will benefit by my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. WHITE).

The question was taken; and on a division (demanded by Mr. WHITE) there were—ayes 16, noes 25.

Mr. WHITE. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. EDGAR

Mr. EDGAR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDGAR: On page 25, after line 24, add the following new section (and renumber the succeeding sections accordingly):

SEC. 14. (a) Subchapter V of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 3686. Rates for postal cards mailed to Members of Congress.

"(a) Notwithstanding any other provision of law, the rate of postage shall be two cents for each postal card, provided that such postal card is sent to the official Washington office address of a Member of Congress.

"(b) The Postal Service shall maintain at each post office a supply of preprinted, addressed postal cards for use as described in subsection (a).

"(c) There are authorized to be appropriated to the Postal Service each year, a sum equal to the equivalent amount of postage due, as determined by the Postal Service, for postal cards sent under this section. Such postage due shall account only for the marginal cost of operations added by the use of such postal cards.

"(d) For the purpose of this section, the term 'postal card' means any card which is supplied by the Postal Service with a postage stamp imprinted or impressed upon it, for the transmission of any message, order, notice, or other communication by printing or by writing in pencil, ink, or typewriting."

(b) The table of sections for subchapter V of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new item:

"3686. Rates for postal cards mailed to Members of Congress."

(c) The amendments made by this section shall take effect at the beginning of the sixth calendar month after the month in which this Act is enacted, or on such earlier date (published in the Federal Register by the Board of Governors of the Postal Service) as the Board of Governors may determine.

Mr. EDGAR (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(Mr. EDGAR asked and was given permission to revise and extend his remarks.)

Mr. EDGAR. Mr. Chairman, I rise to offer an amendment. Thank you, Mr. Chairman.

The purpose of this amendment is to allow a 2-cent postal rate for preaddressed postal cards mailed to Members of Congress. Recently, I distributed a questionnaire to residents of my congressional district requesting their opinions on energy, the economy, the environment, and other issues which confront us daily. I left blank space for comments. A significant number of my constituents commented that they did not feel that they should have to pay postage to correspond with their Representatives in Washington. Certainly, the Member of Congress has a franking privilege, so why should the citizen have to pay?

I believe that citizens should make known to their Representatives how they wish to be represented. Participating in the political process should mean more than casting a ballot each November. However, I feel that the high cost of postage acts as a disincentive for people to communicate. In this bicentennial year, we should have as a goal encouraging as much communication as we can. As access to elected officials becomes

easier, more citizens would become involved. It is this involvement which we must count on to solve the many problems that we face.

There have been a number of congressional initiatives in this direction already. A bill introduced by Mr. Nix, H.R. 2833, with almost 30 cosponsors, would allow free postage to those who corresponded with Members of Congress from their own State. I support this bill in spirit, and I am one of the cosponsors. I do not feel that this legislation would be approved soon by the Congress because its cost would be very high. Mr. GONZALEZ has offered an amendment to this bill that we are considering today that would reestablish the old 1-cent postal rate for the postcard. I have no quarrels with this proposal, although again, the cost factor would be considerable.

My amendment combines the desirable characteristics of these two initiatives. Its cost would be very limited.

Each post office would have a supply of preprinted and preaddressed postal cards available at a cost of 2 cents. The front of the card would have room for a return address, the printed-on stamp, and an address which would consist of the words "the honorable" followed by a blank, and two lines reading "House of Representatives, Washington, D.C. 20515," and an analogous form for a standard Senate postal card. The uniformity of the card would save much administrative and handling expense.

In fiscal year 1975, the Postal Service reported in its "revenue and cost analysis report" that the "attributable cost" of a postal card was 2.2 cents. The cost of printing and manufacturing added an additional 0.3 cents to the cost of the card. The total added marginal cost for these postal cards which would be sent to Members of Congress is only 2.5 cents. The purchaser would be paying 2 cents. I believe that this is a reasonable price for the citizen to get their "2 cents" in. For fiscal year 1975, this would have amounted to only a half cent for each card.

I would not anticipate that the entire program for the year would cost over a half million dollars. This figure would be the yearly cost if each member of Congress received 3,500 cards each week.

Approval of this amendment would be a great investment, and I urge my colleagues to vote in favor of its passage.

Mr. HENDERSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am glad to point out that the author of the amendment is accurate in his figures. It is not going to cost very much by way of simply printing a 2-cent postcard. But no one can estimate how many additional congressional staff assistants we will have to employ to answer the volume of mail this will create.

This is a practical issue; this amendment would be setting a precedent. If we are going in this direction, I think we ought to know where we are going.

Our committee has been called on to hold hearings and consider legislation that would make and communication to Members of Congress frankable. I hope we never get into that, because an analysis of the mail that has come to our committee and to our committee members shows that it is all lobbying mail of one kind or another, however valuable it may be.

We have one resolution in our committee that would designate a day for one of the national social fraternities. We have received over 5,000 printed communications on that one issue. If we make it easier than that, it is just going to mean that Members of Congress and committees will get so much mail we cannot even sort through it and find out what ought to be answered. The cost of answering that mail is already prohibitive on matters that are not of national importance.

Mr. Chairman, I think this entire proposition ought to be considered by our committee more carefully and we should not adopt an amendment on the floor when we have not had proper consideration.

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. HENDERSON. I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Chairman, I appreciate the gentleman's comments and concerns about the number of pieces of mail all of us get. I know in each congressional office we are concerned about the volume we receive.

However, it is also true that out in the constituency I serve people want to communicate with me. They want that opportunity, and they want to do it as cheaply as possible. It is up to my congressional office how we respond to that mail.

I feel that if those persons could go to the post office and could purchase for the price of 2 cents a card that could be easily used, easily administered by the post office, and delivered to our office, it would be another way for us to understand how our constituents feel about important issues.

Mr. HENDERSON. Mr. Chairman, I agree with the gentleman on all those points, but from our experience, I believe that what we are going to do is to generate more mail from organizational groups that already today demonstrate their ability to do a great deal of lobbying.

If this were strictly an amendment to provide a means for a Member of Congress to communicate with his own constituents, and if we could be sure that

more mail would not be generated by some of these national organizations, I would be happy to support the amendment.

Mr. DERWINSKI. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, I would just like to point out, as the gentleman from North Carolina (Mr. HENDERSON) properly did, that there are so many unanswered questions about the effect of this amendment that it really is not the time and place, at this stage of the bill, to take it up.

I would like to point out two things: We have so much interest in this subject, so many similar amendments addressing themselves to generating mail, that we will take a good, hard look at it in committee.

The second thing, is that the point the gentleman from North Carolina just made is accurate, that the potential for use of a vehicle like this by a highly organized, energetic group is obvious.

One other point is that the postcard carries with it, from the sender's standpoint, no privacy. It is the letter that they write, that sealed letter, that gives us their real views.

But we want to look at it. The place for us to do it, though, is back in the subcommittee.

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes, I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Chairman, I would urge the gentleman to look into the possibility of having free mail for our constituents. I know about the cost of mail from constituents to us that is in an envelope, but I think this is the first step we can take without very much cost to the United States or very much cost to our Government, where we can legitimately get concerns and ideas from our constituency without very much cost.

I had a questionnaire just recently sent out and received 9,000 replies. On the back of most of those replies, the cost concern was expressed. I had the privilege of sending out 150,000 of them franked, and yet the constituent who received the questionnaire could not return that questionnaire to me without a 10-cent stamp.

Mr. DERWINSKI. The gentleman will appreciate that we all get that same comment when we mail out a questionnaire.

A postcard lends itself, in a very special way, to an organized variety of mail, whereas the letter has that extra impact when it is a personal view from the constituent.

To me, one of the most important parts of this job is to read mail from home.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. EDGAR).

The question was taken; and on a division (demanded by Mr. EDGAR) there were—ayes 10, noes 43.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. COHEN

Mr. COHEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COHEN: Page 23, line 16, strike out the quotation mark and the period immediately after the quotation mark.

Page 23, immediately after line 16, insert the following:

"(e) (1) For purposes of this title, the term 'agricultural', as used in former sections 4358 (j) (2), 4452(d), and 4554(b) (1) (B) of this title, includes the art or science of cultivating land, harvesting crops or marine resources, or raising of livestock.

"(2) In the administration of this section, and for purposes of former sections 4358(j) (2), 4452(d), and 4554(b) (1) (B) of this title, agricultural organizations or associations shall include any organization or association which collects and disseminates information or materials relating to agricultural pursuits."

Mr. FORD of Michigan (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

(Mr. COHEN asked and was given permission to revise and extend his remarks.)

Mr. COHEN. Mr. Chairman, this amendment would simply enable nonprofit fisheries organizations to qualify for nonprofit mailing privileges. This is not currently possible.

At the present time, nonprofit organizations whose activities focus on farming and the raising of livestock are eligible for nonprofit rates while groups concerned with fishing and fisheries-related matters, are denied those very same rates.

This is because the Postal Service grants bulk rate mailing privileges only to those nonprofit organizations considered to be tax exempt, and the Internal Revenue Service refuses to include fishing with other nonprofit food producing pursuits under the tax-exempt category of "agricultural."

In the absence of a definition in the Internal Revenue Code, the IRS has administratively defined the term "agricultural" to exclude fishing. This is unfortunate because this category was created to

provide exempt status to groups concerned with food production and because there is no other exempt category in which a nonprofit organization concerned with fisheries-related activities may fit.

My amendment merely declares that the term "agricultural" includes the harvesting of marine resources—that is, fishing. It does so only for Federal law pertaining to mailing privileges.

If my amendment is accepted, this will not be the first time that this body has recognized that the term "agricultural" includes the harvesting of marine resources as well as farming and the raising of livestock.

You will recall that the Rural Development Act of 1972 authorized individuals involved in producing fish or fishery products to obtain loans in the same manner as farmers.

Similarly, the Farm Credit Act, as amended, provided that fishermen may qualify for benefits of the act "as producers or harvestors or aquatic products."

Moreover, the FEA's petroleum allocation and price regulations include fishing under the definition of "agricultural production."

Mr. Chairman, I would like to point out that almost all of the major fisheries organizations in the United States support the concept embodied in my amendment. Among these supporters are:

The National Fisheries Policy Conference, a nationwide group comprised of 20 major fisheries associations;

The National Federation of Fishermen, an organization with 20,000 members and affiliates;

Boatowners United of Massachusetts; The Atlantic States Marine Fisheries Commission;

The Pacific Coast Federation of Fishermen's Association;

Fisheries Communications, Inc.;

The Maine, and Massachusetts Lobstermen's Associations;

The Treasure Coast Fisheries Cooperative of Florida;

The Maryland Watermen's Association; and

The United Fishermen's Wives' Organization.

Mr. Chairman, in conclusion, I wish to urge all of my colleagues who are concerned with fishing, fisheries-related matters, and the welfare of our coastal communities to support this amendment.

Thank you.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. COHEN. Yes, I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, I discussed the amendment with the gentleman from Maine (Mr. COHEN) and with

other members of the committee.

We find it to be acceptable. Certainly, in our judgment, the fisheries should be kept alive along with the agricultural industry, in this sense.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. COHEN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, we have examined the amendment and do not believe that there would be any great cost to the Postal Service. We appreciate the fact the gentleman has offered the amendment and also appreciate the fact that this is a special problem for the gentleman from Maine.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. COHEN. I yield to the gentleman from Maryland.

(Mr. BAUMAN asked and was given permission to revise and extend his remarks.)

Mr. BAUMAN. Mr. Chairman, I rise in strong support of the amendment offered by my colleague, the gentleman from Maine (Mr. COHEN). It has long been the practice for the postal system to permit agricultural organizations to be eligible for nonprofit mail rates, and I think that is a proper procedure. But the seafood industry, which also is very important to our Nation as a source of food, has not had this mailing privilege. By the pending amendment this nonprofit mailing status will now be extended to organizations whose activities now involve the harvesting of marine resources, such as the Maryland Watermen's Association, and the Chesapeake Bay Seafood Industries Association.

I commend the gentleman from Maine for his initiative in this matter and I urge the passage of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine (Mr. COHEN).

The amendment was agreed to.

(Mr. COHEN asked and was given permission to revise and extend his remarks.)

Mr. DU PONT. Mr. Chairman, will the gentleman yield?

Mr. COHEN. I yield to the gentleman from Delaware.

Mr. DU PONT. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will state that the gentleman from Maine cannot yield for the purpose of the gentleman from Delaware offering an amendment.

Mr. COHEN. Mr. Chairman, I ask unanimous consent to yield the balance of my time to the gentleman from Delaware (Mr. DU PONT).

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

The CHAIRMAN. The gentleman from Delaware is recognized for 2 minutes.

AMENDMENT OFFERED BY MR. DU PONT

Mr. DU PONT. Mr. Chairman, I offer an amendment.

The Clerk read the amendment as follows:

Amendment offered by Mr. DU PONT: Page 32, immediately after line 26, add the following new section:

Sec. 16. (a) Chapter 6 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 607. Delivery of mail by nonprofit organizations

"(a) Notwithstanding section 1725 of title 18, any member of a private nonprofit organization (other than a political committee) may deposit any mailable matter relating to the activities or functions of such organization in any letterbox, if (1) such member engages in such activity on a voluntary basis without reimbursement from such organization; and (2) such organization has obtained written approval to engage in such activity from the postmaster for the district in which such activity is to be conducted.

"(b) Any mailable matter which is deposited in accordance with subsection (a) may be deposited without the payment of any postage on such mailable matter.

"(c) For purposes of this section—

"(1) the term 'letterbox' means any letterbox established, approved or accepted by the Postal Service for the receipt or delivery of mail matter on any mail route, except that such term shall not include any unit of 10 or more letterboxes situated at the same location;

"(2) the term 'mailable matter' means any matter which—

"(A) is not less than 3 inches nor more than 9 inches in height;

"(B) is not less than $4\frac{1}{4}$ inches nor more than 12 inches in length;

"(C) is rectangular in shape;

"(D) has a ratio of height to length which is not less than 1 to 1.414 (1 to the square root of 2);

"(3) the term 'political committee' has the meaning given it by section 301(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(d)); and

"(4) the term 'private nonprofit organization' means any organization no part of the net earnings or income of which inures, or may lawfully inure, to the benefit of any private shareholder or individual."

(b) The table of sections for chapter 6 of title 39, United States Code, is amended by adding at the end thereof the following new item:

"607. Delivery of mail by nonprofit organizations."

(c) Section 1725 of title 18, United States Code, is amended by striking out "Whoever" and inserting in lieu thereof "Except as provided by section 607 of title 39, whoever".

Mr. DU PONT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD so that I might explain it to the Members.

The CHAIRMAN. Is there objection to

the request of the gentleman from Delaware?

There was no objection.

(Mr. DU PONT asked and was given permission to revise and extend his remarks.)

Mr. DU PONT. Mr. Chairman, this is a very simple amendment that permits private nonprofit organizations such as church groups, civic groups, Boy Scouts and Girl Scouts to use volunteer help to deliver into mailboxes the circulars and material put out by their organizations. The amendment specifically excludes political committees so politicians cannot use it. It simply permits nonprofit groups to put in mailboxes their flyers provided they are distributed by volunteer means.

Mr. HANLEY. Will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, we have thought a good deal about this amendment and actually what this would be doing is legitimizing something that is presently illegitimate today. So I personally support the amendment.

Mr. DU PONT. I thank the gentleman.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate the gentleman yielding and support his amendment because it does further allow the private express statute to be repealed. I think this is a good thing. That was the thing we were trying to do in the last amendment. I hope there will be more areas in which we can get this carried out.

Again I thank the gentleman for yielding.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. DU PONT. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, I would like to ask the gentleman from Delaware a question: If this prohibits nonprofit groups from distributing political material?

Mr. DU PONT. The amendment only permits distribution of materials relating to the functions of those organizations. In addition, there must be approval by the postmaster for the project so that it would effectively prohibit political material from being distributed.

Mr. MYERS of Indiana. Is it the intent of the gentleman from Delaware that political material be excluded?

Mr. DU PONT. It is my intent, and the amendment states that only material relating to the activities or functions of such organizations may be distributed.

Mr. MYERS of Indiana. What about a political group that is nonprofit, a labor union or something like that, could they go ahead and do it?

Mr. DU PONT. No; no political organizations are allowed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Delaware (Mr. DU PONT).

The question was taken; and on a division (demanded by Mr. RYAN) there were—ayes 34, noes 18.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. MAGUIRE

Mr. MAGUIRE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAGUIRE: At the end of the bill insert a new section as follows:

Sec. 16. Congress finds that the quality of postal service for first class mail has been and appears to be continuing to decline at an alarming rate; that the price of first class mail is at the same time increasing in the face of ever worsening service, and that it appears likely to continue to do so; that for millions of Americans, the mails are a vital and in some cases critical communications link with the outside world; that, while users of other classes of mail have the financial ability and economic incentives to organize and provide for their own representation in postal matters, first class mailers lack the ability to organize themselves on their own to provide the representation needed to protect their interests; and that unless corrective action is taken by Congress to reverse the trend of poorer quality and higher cost first class mail service, those problems will almost certainly worsen and probably accelerate.

(a) (1) There is hereby established an independent corporation to be known as the First Class Mailers' Action Alliance which shall have all powers appropriate and necessary to represent the interest of first class mailers in high quality and low cost service in matters substantially affecting their interests before the United States Postal Service, the Postal Rate Commission, the courts, and the Congress. The Alliance shall be created and empowered to initiate operations when Congress approves a final plan after the procedures described in Section 3.

(2) The Alliance shall be financed by voluntary contributions from first class mailers. The Postal Service shall provide for the delivery, not less than quarterly, of postal patron cards requesting voluntary contributions to support the Alliance, as well as provide for other administrative services relating to the creation, establishment and initial operation of the Alliance. Space shall be provided on returnable cards for patrons to express comments on their postal service.

(b) (1) The Postal Service is directed to publish in the Federal Register within 180 days from the effective date of this Act, a detailed plan for the establishment and operation of the Alliance, and a Notice soliciting public comments thereon. The plan shall include provisions relating to the following specific matters: (1) the establishment of

an interim Board of Directors and the appointment of interim officers; (ii) the election and periodic reelection of a permanent Board of Directors and appointment of permanent officers; (iii) collection of voluntary contributions at least quarterly; (iv) provisions for insuring that the Alliance will be controlled by the contributors and that its officers and directors will be accountable to the contributors; (v) detailed conflict of interest rules for the members of the Board of Directors, officers, and employees of the Alliance, and full disclosure rules for those seeking election to the Board; (vi) detailed listings of the powers and duties of the Alliance, its Board, and its officers; (vii) recommendations for staffing and funding of the Alliance; (viii) full access by the Board of the Alliance and by its officers to the books and records of the Postal Service and to the meetings of its Board of Governors; and (ix) any other matters necessary or appropriate for the operation of the Alliance.

(2) The Notice in the Federal Register described in subsection (a) shall provide for a period of public comment of not less than 30 days from the date of the publication of such Notice. The final plan shall be published in the Federal Register not later than 90 days from the date of the original publication of the Notice, and a copy thereof shall be simultaneously submitted to both Houses of Congress for action by them.

(3) In the event that the Postal Service fails to meet any of the deadlines set forth in this section, no funds shall be paid from the Treasury of the United States to the Postal Service until such deadline has been met. Any person may bring an action in a district court of the United States to enforce the provisions of this subsection and shall be awarded his costs, including a reasonable attorneys' fee in the event that he substantially prevails in such an action.

Mr. MAGUIRE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

(Mr. MAGUIRE asked and was given permission to revise and extend his remarks.)

Mr. MAGUIRE. Mr. Chairman, we are all disturbed that while the Postal Service is requesting yet more billions of dollars in increased appropriations and suggesting a further rise in the cost of first-class postage, service deteriorates at an alarming rate. We all know of genuine complaints about late delivery, lost mail, reduction in the number of mail collection boxes in our communities, the closing of local post offices, and so on. I would guess that before long we will have many, many post offices shut down, particularly in the rural parts of the country. We may see the day when we have to pay 25 cents for a first-class letter. We may see no Saturday deliveries, and so on, if the current trend continues.

While users of second- and third-class mail have the financial ability and economic incentive to organize and provide for their own representation, ordinary citizens who use first-class mail do not have similar resources.

Sixty years ago people in this country could directly petition the post office for redress. Today they are at the mercy of a vast and insensitive bureaucracy.

My proposal would provide for a First Class Mailers' Alliance which would be financed by voluntary contributions from first-class mailers. It would not come into creation until the Congress had reviewed and acted on a specific proposal from the Postal Service.

The amendment would require that the Postal Service deliver postal patron cards four times a year, requesting voluntary financial support for the operation of this public corporation. Space would be provided on these cards for permission to comment on the quality of service. Citizens could address themselves to specific service difficulties that they are having locally and the Alliance could act on their behalf. Now there is nowhere to go and no appeal for the ordinary citizen. Citizens and the Alliance could also address overall policy issues—funding, management, and so on.

With the Alliance citizens would have an independent voice before the United States Postal Service, The Postal Rate Commission, the courts, and the Congress. There would be more accountability. There would be an opportunity to act in the interests of consumers.

In sum, we would have, not a new bureaucracy, but an entity which costs nothing to the Federal Treasury and which would be supported by voluntary contributions. If we adopt this amendment we will have a citizen's First Class Mailers' Alliance which can act on genuine complaints about deteriorating postal service.

Mr. Chairman, I recommend this amendment. I think it is an important amendment. I urge its adoption.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment.

The adoption of this amendment would open up, Mr. Chairman, a Pandora's box to many, many other things: No. 1, the add-on to the cost of the operation of the U.S. Postal Service. If I understand correctly, it would require the U.S. Postal Service to mail to every postal patron a card four times a year. Consider the cost involved in that type of program, and that alone—that one provision—would suggest the defeat of the amendment.

I can appreciate what the gentleman is attempting to effect, but actually we

open up an avenue where many other entitles in our society beyond the first-class postal patron could come aboard and seek a similar accommodation. I remind my colleagues once again that the institution happens to be running a deficit that conceivably could be \$1.8 billion this year providing the basic services that it is providing today. Where, then, is the money coming from to fund further add-ons? It just is not in the cards.

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. I thank the gentleman for yielding.

I think the gentleman would find, if he looked at this carefully, that increased costs are going to be absolutely minimal. What we are going to have is some cards to be delivered along with the rest of the mail, and the cost would be minimal. We have also a situation where this is the only thing that really resembles a Federal utility, and we have no consumer representation on that utility which is meaningful. So I would hope that the gentleman would consider that.

Mr. HANLEY. Once again, there are more than 70 million patrons in America, so we are talking about mailing or delivering 70 million cards 4 times a year. So again we further expand upon the fiscal problem of this agency, and I suggest that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. MAGUIRE).

The question was taken; and on a division (demanded by Mr. MAGUIRE) there were—ayes 7, noes 32.

So the amendment was rejected.

AMENDMENT OFFERED BY Mr. LITTON

Mr. LITTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LITTON: Page 14, immediately after line 2, insert the following:

"(3) (A) The Postal Service shall, with respect to any permanent residential address receiving door delivery, provide for the collection of mail at such address in any case in which any person residing at such address has made an appropriate indication that mail has been deposited for collection at such address, whether or not the mail carrier involved has any mail for delivery to such address.

"(B) The Postal Service shall prescribe regulations to establish criteria with respect to the manner in which any person may make an appropriate indication under subparagraph (A). Such criteria shall permit the use of a flag or similar signal or device to serve as a means of making such indication.

Page 14, line 3, strike out "(3)" and insert in lieu thereof "(4)".

Page 14, line 9, strike out "(4)" and insert in lieu thereof "(5)".

Page 14, line 10, strike out "and" and insert in lieu thereof a comma, and insert ", and paragraph (3)" immediately after "paragraph (2) (C)".

Page 14, line 14, strike out "(5)" and insert in lieu thereof "(6)".

Mr. LITTON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LITTON. Mr. Chairman, what my amendment does is very simple. It requires that when a postman goes by a mailbox and the flag is up indicating there is some mail to pick up, the postman will pick up the mail. As it stands now the postman passes by until there is some mail to be delivered. This means that if one has a gas bill to pay you hope somebody writes you within the next few days so the postman will deliver the letter to you and stop and pick up your outgoing mail.

When I first moved here no one knew our address. My wife tried for several days to mail out a letter from our box but since we had no mail coming in the postman did not stop to pick up our mail. I thought in desperation in order to have some mail coming in I could have the CONGRESSIONAL RECORD sent to my address simply to get my mail picked up.

My amendment says that when the postman goes by the mailbox and the flag is up showing there is some mail in the box he will stop and pick up the mail.

Mr. LOTT. Mr. Chairman, will the gentleman yield?

Mr. LITTON. I yield to the gentleman from Mississippi.

Mr. LOTT. Mr. Chairman, I would like to support the gentleman's amendment but I want to make sure this is not another make-work amendment for the Postal Service. It is not mandatory under this bill that a letter carrier stop at every box or at every door except in the case where the flag is up or some similar signal indicates there is mail to be picked up. Is that correct?

Mr. LITTON. The gentleman is correct.

Mr. LOTT. Under the existing Postal Service regulations a postman does not have to stop unless there is mail to be delivered. Is that correct?

Mr. LITTON. The gentleman is correct, with the exception of motorized pick up, yes.

Mr. LOTT. I can see how in certain areas it would be very difficult to have the mail picked up under existing regulations. I think the gentleman has a good amendment.

Mr. MINETA. Mr. Chairman, will the

gentleman yield?

Mr. LITTON. I yield to the gentleman from California.

Mr. MINETA. Mr. Chairman, is this in urban delivery or rural delivery?

Mr. LITTON. The regulations now stipulate in the case of motorized pickup they will pick up mail where they are not necessarily delivering.

Mr. MINETA. Would this apply only in the case of motorized delivery or is this also applying to the letter carrier walking from door to door? It seems to me from the wording in the amendment the letter carrier going from door to door in an urban situation, if the flag were up, the carrier would have to stop to pick up the mail.

Mr. LITTON. The gentleman is correct.

Mr. MINETA. So this amendment would not be limited to just motorized pickup but also would extend to the letter carrier who is walking his area?

Mr. LITTON. The gentleman is correct.

My amendment corrects an ironic inequity in our Postal Service and makes more efficient our city, door-to-door service areas for residents who either utilize a flag signal or make a similar indication that they have deposited mail for collection.

I wholeheartedly agree with the Post Office and Civil Service Committee's determination that the Congress should have the responsibility to define what constitutes proper postal "public service." My amendment extends the "public service" concept of city area, door service by emphasizing that a "postal carrier" is not just a mail "deliverer," but is also, as the duality of the term implies, a mail "receiver." Present day Postal Service regulations do not require a "postal carrier" in city door service areas to pick up mail if he has none to leave, hence he is not performing his "receiver" function.

My office has received a constant deluge of irate postal patron mail concerning this very abuse. One elderly lady, was bluntly told by her postmaster that she had no recourse but to wait until her "carrier" had mail to leave. Consequently, she has to deliver, at a serious inconvenience, her mail to a community mailbox. I believe that this is a blatant disservice and affront to every American citizen, especially those who cannot make the trip to a community drop box or post office because of their age, physical handicaps, or lack of available transportation. Oftentimes the mail service is these persons' only contact with the outside world.

I believe the Post Office and Civil Service Committee is genuinely interested, as is the Congress, in "maintaining a sys-

tem which shall provide a maximum degree of effective and regular postal services throughout the Nation," as H.R. 8603 states. The concept behind rejecting the Postal Service's plan to exempt new residential developments from door-to-door service was based upon an honest evaluation of the means to attain a "high level of delivery service to the public," as their committee report states. It is their assertion that door service in city areas is more efficient than curb-line or cluster-box service.

It is my opinion, however, that presently there exists an ironic inequity in our Postal Service. Curb-line or cluster-box service is actually more efficient than door-to-door service, with respect to mail collection, because curb-line and cluster-box mail is collected if the flag on those mailboxes is raised. In contrast, as I have previously stated, mail is not collected in door service areas if the mailman has none to leave. My amendment simply elevates door service to its rightful level above curb-line and clusterbox service.

Mr. Chairman and distinguished colleagues, it is evident that the wrath of the American citizen toward the Postal Service is because increasing postal rates have not resulted in increased service.

I believe that the language of my amendment adequately reflects the dissatisfaction of both the citizens of this country and the Congress with the failure of the Postal Service to promulgate efficient public service regulations and practices. Congress is oftentimes criticized for enacting legislation which places too many restrictions on the public and of being insensitive to their daily needs. If my amendment is adopted the citizens of the United States will recognize that we are empathetic toward their problems. This amendment services this Nation's citizens in a very practical way on a daily basis. We are providing for them a very real and tangible "public service." Let us provide, Mr. Chairman, that service with a bill which humanistically applies to each and every citizen of the United States.

The Postal Service estimates that 70 percent of residences in city, door delivery areas receive mail each day. The increased cost of picking up mail from those within this 30 percent who do not receive mail on a given day who have mail to be picked up that particular day would be small. My amendment shows that the Postal Service is just as interested in picking up the mail as they are in delivering it. Surely we are not asking the Postal Service too much by asking that postmen walking by a mailbox with a flag up indicating they have mail to be picked up should pick up the mail even though they have no mail to deliver to that particular mailbox that day.

Mr. HANLEY. Mr. Chairman, I rise in opposition to the amendment and for the same reasons again.

The CHAIRMAN. The gentleman has used his time.

Mr. FORD of Michigan. Mr. Chairman, may I be recognized?

The CHAIRMAN. The gentleman from Michigan is recognized for 3 minutes.

Mr. FORD of Michigan. Mr. Chairman, I yield to the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Chairman, I thank the gentleman for yielding. Very briefly, this would increase the workload of the Post Office by 30 percent.

I remind the House that 85 percent of the U.S. Postal Service is for personnel. Where again is the money to underwrite the additional workload which is estimated to be about 30 percent more than its present workload?

Mr. Chairman, I urge defeat of the amendment.

Mr. LITTON. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Missouri.

Mr. LITTON. Mr. Chairman, I would point out that 70 percent of postal patrons receive mail each day as it is, so the only additional work is the 30 percent that have no additional mail, but might be mailing out a letter that particular day. I doubt that we are talking about that kind of increase in cost.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. LITTON).

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. NEAL) for the purpose of offering an amendment.

AMENDMENT OFFERED BY MR. NEAL

Mr. NEAL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. NEAL: Page 22, line 20, strike the word "for" and all that follows thereafter through the period on line 21, and insert the following: "as a part of a looseleaf reporting service concerning developments in the law or public policy."

Mr. NEAL. Mr. Chairman, this amendment offers a statutory limitation on the kind of matter allowed the second-class privilege under this section. The amendment limits the second-class privilege to those periodicals that now have the privilege by regulation.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. NEAL. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, the committee is willing to accept the amendment. We have given it consideration and find it appropriate to the bill we are considering.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. NEAL. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, the gentleman is referring to a section of the bill offered by me in the committee. I have conferred with all that are involved. I commend the gentleman for achieving a result better than I did.

I support the amendment.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. NEAL. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, what does the amendment do again?

Mr. NEAL. It limits the type of mail that can be mailed under the second-class mail privilege. The Postal Service had attempted to change a custom that had been in practice a number of years; to allow the second-class privilege to publications of loose-leaf-type material. These users of the mail objected strenuously. Under the bill there was an attempt made to codify in law that these types of loose-leaf publications would be allowed the privilege. As the law was written, it would have opened up second-class mail privileges to all types of material. Conceivably, the Sears Roebuck catalog could be presented in loose-leaf form and be allowed the second-class mail privilege, which is not at all the intent of that provision. This amendment limits the kind of matter allowed the second-class mail privilege.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. NEAL).

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. HANLEY).

AMENDMENT OFFERED BY MR. HANLEY

Mr. HANLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANLEY: Page 21, line 17, insert "(1)" immediately after "(b)".

Page 21, line 18, strike out "(1)" and insert in lieu thereof "(A)".

Page 21, line 23, strike out "(2)" and insert in lieu thereof "(B)".

Page 22, immediately after line 2, insert the following new paragraph:

(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of the enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a recommended decision, bearing Docket Number R76-1, except that such temporary rate or fee may not exceed the lesser of (A) the rate or fee requested for such class or service; or (B) a rate or fee which is more than one-fifth greater than

the permanent rate or fee in effect for that class or service at the time a permanent change in the rate or fee of such class or service was requested under section 3622 of title 39, United States Code, by the Postal Service in its request bearing Docket Number R76-1.

Page 26, line 1, strike out section 14.

Page 26, line 24, renumber the section designations following accordingly.

Mr. HANLEY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Chair will ask, has this amendment been printed in the RECORD?

Mr. HANLEY. No, it has not been, Mr. Chairman.

The CHAIRMAN. The gentleman has already yielded his time.

PARLIAMENTARY INQUIRY

Mr. BUCHANAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUCHANAN. Mr. Chairman, would it be in order to yield a portion of my time to the gentleman?

The CHAIRMAN. That would have to be done by unanimous consent.

Mr. BUCHANAN. Mr. Chairman, I ask unanimous consent to yield 2 minutes of my time to the gentleman from New York (Mr. HANLEY).

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HANLEY. Mr. Chairman, I thank the gentleman from Alabama.

Just briefly, this is a provision which was contained in the bill H.R. 8603 having to do with reducing the next temporary rate increase from 33 percent to 20 percent. So it would have the effect of reducing the proposed 13-cent stamp to 12 cents. The accommodation would be across the board for all classes of mail.

The language is identical to that which was contained in the bill. The cost factor is about \$600 million. Very briefly, that is what it is, and our thought here is that we would provide this accommodation to the postal patron on a one-time basis, and then give the study commission the opportunity over the next 2-year period to, hopefully, put the matter of rates into its proper perspective.

Essentially, if we support the amendment, it would have the effect of reducing the pending raise for a first class stamp from 13 cents to 12 cents, and along with it a comparable reduction for all other classes of mail.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HANLEY. I yield to the gentleman from California.

Mr. ROUSSELOT. The gentleman's amendment, as I understand it, merely corrects the language and updates it from what we had in the original bill.

Mr. HANLEY. The gentleman is correct.

Mr. ROUSSELOT. So that it preserves the 12-cent ceiling?

Mr. HANLEY. The gentleman is correct.

Mr. ROUSSELOT. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. HANLEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BUCHANAN

Mr. BUCHANAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCHANAN: At the end of the bill, insert a new section as follows:

SEC. (). (a) Section 203 of title 39, United States Code, is amended to read as follows:

"§ 203. Postmaster General; Deputy Postmaster General

"(a) The chief executive officer of the Postal Service is the Postmaster General appointed by the President by and with the advice and consent of the Senate. His pay shall be fixed by the Governors.

"(b) The alternate chief executive officer of the Postal Service is the Deputy Postmaster General appointed by the President by and with the advice and consent of the Senate. His pay shall be fixed by the Governors."

(b) Subsection (c) of section 202 of title 39, United States Code, is amended to read as follows:

"(c) The Postmaster General and the Deputy Postmaster General each shall be voting members of the Board."

(c) Subsection (d) of section 202 of title 39, United States Code, is repealed.

(d) Subsection (c) of section 205 of title 39, United States Code, is amended to read as follows:

"(c) The Board shall act upon majority vote of those members who are present, and any 6 members shall constitute a quorum for the transaction of business by the Board except as otherwise provided in this title."

(e) The first parenthetical phrase in the first sentence of subsection (a) of section 1002 of title 39, United States Code, is amended to read as follows: "(except a Governor, a member of the Postal Rate Commission, the Postmaster General, or the Deputy Postmaster General)".

Mr. BUCHANAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I wanted to ask one question. This is the amendment that calls for Presidential appointment and Senate approval?

Mr. BUCHANAN. That is right, of the Postmaster General and the Deputy.

Mr. CHARLES H. WILSON of California. And also says that the Board of Governors will establish the pay?

Mr. BUCHANAN. Yes.

Mr. CHARLES H. WILSON of California. Will that affect the present limit we have on pay for the Postmaster General of \$60,000?

Mr. BUCHANAN. No, it will not.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from New York.

Mr. HANLEY. Mr. Chairman, we have reviewed the gentleman's amendment. It makes a great deal of sense, and I am delighted to say that we are in support of it.

Mr. BUCHANAN. I thank the distinguished chairman of the subcommittee.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, we have reviewed this. As a matter of fact, I think this was discussed in committee, although it was not brought up as an amendment. I know the gentleman from California (Mr. HINSHAW) was in favor of this amendment.

Mr. BUCHANAN. I will say to the gentleman that I offered this on behalf of the gentleman from California (Mr. HINSHAW), who had to be in California with the President. I urge support for this amendment, and thank the distinguished chairman and the gentleman from California.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. BUCHANAN).

The amendment was agreed to.

AMENDMENT OFFERED BY Mr. GUDE

Mr. GUDE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GUDE: Page 25, immediately after the material immediately below line 14, insert the following new section:

Sec. 13. (a) Subchapter IV of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 3663. Construction of Postal Service facilities

"(a) When the Postal Service determines it is necessary to construct a Postal Service facility, the Postal Service shall notify any agency of State or local government responsible for the administration or enforcement of any law or rule applicable to the use of land upon which such construction is proposed. The Postal Service shall consult with any such agency to determine whether such construction is consistent with such law or rule.

"(b) Any agency of State or local government receiving notification from the Postal Service under subsection (a) may conduct a hearing with respect to construction proposed by the Postal Service. Interested parties shall be given an opportunity to present their views at such hearing.

"(c) If any agency or State or local government receiving notification from the Postal Service under subsection (a) does not hold a hearing under subsection (b) within 90 days after receipt of such notification, then the Postal Service shall conduct a hearing with respect to the proposed construction of a Postal Service facility. Adequate advance notice of any such hearing shall be given to the public in the affected community. The hearing shall be open to the public, with interested parties being given an opportunity to present their views; and a suitable record of the hearing shall be kept.

"(d) The Postal Service shall not undertake construction of a Postal Service facility before a hearing has been conducted with respect to such proposed construction under subsection (b) or subsection (c)."

(b) The table of sections for subchapter IV of chapter 36 of title 39, United States Code, is amended by adding at the end thereof of the following new item:

"3663. Construction of Postal Service facilities."

And redesignate the following sections accordingly.

Mr. GUDE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

(Mr. GUDE asked and was given permission to revise and extend his remarks.)

Mr. GUDE. Mr. Chairman, this is a simple amendment, but involves an important principle. The amendment simply provides that a public hearing will be held before beginning work on a proposed postal facility. It would be the responsibility of local or State government to hold such a hearing, but if they do not act within 90 days of being notified of the proposed facility, then the Postal Service would have to hold the hearing.

This amendment does not alter the existing decisionmaking procedures for proposed postal buildings. The final decision will still rest with the Postal Service, subject to applicable Federal, State, and local laws. My amendment simply adds

the provision of a public hearing in order to guarantee citizen input.

The U.S. Postal Service is the most visible example of the Federal Government working for the American citizen. It is because of this "up-front" image that the Postal Service must be responsive to the needs of the local communities. Presently we have a law that requires the Postal Service to consult with local planning boards which provide input from the local citizenry when planning moves and new construction projects. My experience suggests that alternatives should be available in order to insure that breakdowns in the system do not occur.

One such breakdown occurred last year in Olney, Md., a community in my district. Existing guidelines set up to handle the construction planning process for the Postal Service were not employed. Citizens of the area reacted indignantly at the prospect of a new post office being placed in their community without their knowledge and input.

The residents of Olney pride themselves on their community. Much citizen effort has gone into planning and implementing a colonial architectural atmosphere. Architectural design in the colonial style was so important that a campaign was launched which included persuading major store chains to alter their normal architectural design in order that it might blend with the colonial scheme.

This incident is typical of the all too frequent failure of the Postal Service to consult with the community in planning a facility that will inevitably have a significant impact on that community. I do not believe we should so tie down the Postal Service with red tape that it cannot make timely and cost-effective construction decisions, but I do believe my amendment offers a sensible way of insuring community awareness of Postal Service plans and community input into those plans. The result will be better facilities and more supportive communities. I urge the adoption of my amendment.

Mr. ROBINSON. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Virginia.

(Mr. ROBINSON asked and was given permission to revise and extend his remarks.)

Mr. ROBINSON. Mr. Chairman, I rise in support of the amendment, which is the essence of a bill I joined my distinguished Maryland colleague, Mr. GUDE, in sponsoring.

In my own experience in dealing with the Postal Service, I have encountered several instances in which adequate effort was not made to alert citizens of the

affected communities as to plans of the Service to construct, or to relocate, postal facilities, or to solicit comments as to impact from public officials of the service area of the facility.

Spot check inquiries as to the effects on business and institutional users of the mails, and on postal patrons in general, have provided inadequate information on which to base decisions in the best interests of the majority of patrons, and on the most cost-effective basis for the general taxpayer.

Increasingly, the Postal Service is locating major facilities in suburban areas and in relatively small communities. Even when justified in the effort to improve handling of the mails, such facilities should be built only after input from State and local officials and—through public hearings—from postal patrons whose service may be changed, as well as from residents of the immediate area of the projected facility.

I urge the adoption of this amendment.

At the same time, however, I must emphasize that I have strong reservations as to the bill as a whole. It proposes a major increase in the "public service" subsidy of the Postal Service from the general fund of the Treasury without dealing effectively with the failures of the Postal Service to conduct its functions in the businesslike manner for which the Congress—and the taxpayers—held such high hopes with enactment of the Postal Reorganization Act.

In particular, I regret the failure to address, in this bill, the matter of encouragement of competitive private mail-carrying enterprises through such approaches as relaxation of the statutory monopoly of the Postal Service on the carriage of first class, or letter, mail.

Private enterprise, which has demonstrated that, in many cases, it can provide better and more economical service than the Postal Service in the movement of parcels, should be given the opportunity it is seeking to show what it can do with letters.

Subsidization of some postal operations may have to be accepted indefinitely, such as daily delivery to small communities and rural areas, but the overall postal deficit could be reduced significantly, I believe, through increased competition from the private sector.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding. Mr. Chairman, I support this amendment. I have knowledge of two places in my district where great difficulties have arisen simply because of the lack of a public hearing. I congratulate the gentleman on his amendment.

Mr. GUDE. I thank the gentlewoman.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I oppose the amendment offered by the gentleman from Maryland (Mr. GUDE). Earlier in the year the gentleman wrote to me, as chairman of the Subcommittee on Postal Facilities, Mail, and Labor Management.

It was explained to him at that time that we intended to hold complete hearings on the subject.

Mr. Chairman, this is not as simple as it appears to be. It involves billions of dollars, and it is not a matter to be voted on without hearings. On that basis, I regret that I must oppose this amendment.

The reason we have not been able to hold hearings is because we have been so involved with previous hearings on procurement policies in the Postal Service, in which we were able to get major changes in the procurement policies. And then we had hearings on the illegal opening of the mail, which did take more time. It was not our intention, but because of these hearings there was a resignation of the Chief Postal Inspector.

I can assure the Members that our hearings are thorough and effective and they get to the point. I hope the gentleman will allow us to continue with the open-type of hearings in order to study thoroughly, and as thoroughly as could be done, the facilities program. I do think that the adoption of this amendment would interfere with our hearing at this time. Until we learn more about it I would hope that the committee would bear with us and reject this amendment.

Mr. GUDE. Mr. Chairman, will the gentleman yield?

Mr. CHARLES H. WILSON of California. I yield to the gentleman from Maryland.

Mr. GUDE. I thank the gentleman for yielding. I recognize the Committees heavy workload. There would be no legal obstruction to post office activities as a result of these public hearings and at the same time it would give the citizens some kind of input which they are denied under present circumstances.

Mr. CHARLES H. WILSON of California. I can assure the gentleman that if we are allowed to proceed in an orderly way we will have hearings the latter part of this year, certainly no later than the first of next year. And I would hope that, with the gentleman's assistance, perhaps this might be a recommendation we could make. I would not like to see it pass at this time, however, without having had hearings. I hope the gentleman will appreciate the position we take on this matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. GUDE).

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. ROUSSELOT).

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Idaho.

(Mr. SYMMS asked and was given permission to revise and extend his remarks.)

Mr. SYMMS. Mr. Chairman, I had intended earlier to offer an amendment which would affect the fourth-class mail or parcel post subsidies, but I rise at this time for the matter of establishing a record here.

Mr. Chairman, I would like to ask a question to clarify the intention of paragraph 5 which limits the reduction of parcel post rates to 10 percent.

My question is: Does this limitation apply to the use of the \$920 million the Postal Service already has through existing law, plus the \$1.5 billion this amendment would supply, plus any additional sums Congress may appropriate?

I ask this because there are many Members, including myself, who believe that parcel post should not get any subsidy at all. I certainly would want to be sure that parcel post would benefit from any appropriations—present, proposed, or future—only to the extent of 10 percent of its full costs.

I would just like to have the assurances of the gentleman from Michigan (Mr. FORD) that we have not overlooked some technical loophole in drafting the wording that would permit the Postal Service to use funds for any greater subsidy for parcel post.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. No, I do not think we would change the limits in any way. At least we have not been able to find anything different from the lawyers. I think the gentleman's interpretation is a reasonable accurate summation of what we intended to do.

This is a delicate compromise between conflicting points of view. We wanted to maintain the present status of the independent parcel post carriers as well as the parcel post service without trying to advantage or disadvantage anybody in the competition of the field.

Mr. HANLEY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from New York.

Mr. HANLEY. Yes, Mr. Chairman, the intention of H.R. 8603 was to do exactly that.

However, I must remind the gentleman that the adoption of the Alexander

amendment puts this thing into a different light, and it is a little bit difficult now to be definitive as to what actually is going to happen. My intent concurs with that of the gentleman's interpretation, however.

Mr. SYMMS. I understand the gentleman's original interpretation was to have no subsidies for parcel post, but there was a compromise.

Mr. HANLEY. The gentleman is correct. There was a compromise which was acceptable to all concerned entities. That is what I hope will prevail in the ultimate bill.

Mr. SYMMS. Mr. Chairman, I thank the gentleman from Michigan and the gentleman from New York.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I thank the gentleman for yielding.

I am surprised that there is any subsidy at all for parcel post. I was under the impression that was against the regulations.

Who wants to subsidize parcel post?

Why does the Postal Service want to incur a cost when they are struggling with an enormous deficit? Why do they not just leave parcel post as it is?

Mr. SYMMS. Mr. Chairman, I thank the gentleman for bringing up that question. My interpretation of this, which may not concur with that of the gentleman from New York (Mr. HANLEY), is that the post office is trying to make it rough on United Parcel Service. They subsidize the parcel post or 4th class for the U.S. Postal Service and the United Parcel Service has to compete with them, so it means a tough deal for private enterprise.

Mr. HANLEY. Mr. Chairman, if the gentleman will yield further, originally the public service factor prevailed across the board. I will remind the gentleman that the parcel post service embraces the concept I had in mind, and we were in support of this provision and it was looked upon as a very fair provision.

Mrs. FENWICK. Mr. Chairman, if the gentleman will yield further, what I am asking is this: Why does the Postal Service want to incur a still greater deficit? Why do they not handle parcel post at cost?

Mr. HANLEY. Unfortunately, until very recently there were a number of service areas in the country that the private sector was not serving.

Mr. KETCHUM. Mr. Chairman, I would like to express my wholehearted support for Congressman ALEXANDER's amendment to the Postal Reorganization Act Amendments. I hope that my

colleagues will not accept any weakened version of this important provision.

I believe the proposed 30 percent increase in first class rates is stretching our citizen's patience with the U.S. Postal Service to the absolute limits. Since the Service came into existence in 1971, it has provided the American people with constant increases in rates coupled with a deterioration of services. Recognizing that something must be done to stop this trend, the House, by a resounding vote of 267 to 123, earlier adopted the Alexander amendment to this bill. This amendment simply requires the Postal Service to come to Congress each year for authorization and appropriation of its total budget and provides for deposit of all postal revenues in the general treasury of the United States.

The great expectations of the 1970 reorganization act have not been met. Service has not improved, the postal deficit has doubled and so, nearly, has the cost of mailing a first class letter.

This amendment has the effect of restoring some accountability of the Postal Service to the people through their elected Representatives in Congress. The Postal Service will have to come before Congress, present its budget and justify it, the same as other Government agencies. Congress will have an opportunity to review the Postal Service's management techniques and insure that the taxpayers are getting their money's worth.

Again, I urge my colleagues to not abandon our previous position on the Alexander amendment.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. If there are no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. FLOWERS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes, pursuant to House Resolution 726, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amend-

ment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR.
DERWINSKI

Mr. DERWINSKI. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DERWINSKI. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DERWINSKI moves to recommit the bill, H.R. 8603, to the Committee on Post Office and Civil Service with instructions that said committee shall promptly hold appropriate hearings thereon.

The SPEAKER. Does the gentleman from Illinois (Mr. DERWINSKI) desire to be heard on his motion?

Mr. DERWINSKI. Yes, Mr. Speaker.

The motion to recommit is normal except that it does require that the committee hold appropriate hearings.

That suggestion has been made by many Members on the floor, and taking this into account I accordingly offer my motion to recommit. I would move in committee to at once report a bill, which would limit the first-class rate increase to 20 percent—or this really means a limit on first class of 12 cents an ounce. If we and the Senate move fast, we can head off the December 28 rate increase.

The SPEAKER. Does the gentleman from New York (Mr. HANLEY) desire to be heard on the motion to recommit?

Mr. HANLEY. I do, Mr. Speaker. I wish to be heard in opposition to the recommitment motion.

I just want to remind the gentleman from Illinois (Mr. DERWINSKI) that the committee had conducted 19 months of extensive hearings, and I do not see what good could come out of a continuation of the hearings.

Therefore, Mr. Speaker, I object to the recommitment motion and urge its rejection.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the yeas appeared to have it.

Mr. DERWINSKI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the

point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 129, nays 250, not voting 54, as follows:

[Roll No. 651]

YEAS—129

Abdnor	Grassley	Mosher
Adams	Hagedorn	Myers, Ind.
Archer	Hannaford	Myers, Pa.
Armstrong	Hansen	Neal
Ashley	Hastings	O'Brien
Bafalis	Hechler, W. Va.	Patterson,
Baucus	Hicks	Calif.
Bauman	Hillis	Pettis
Beard, Tenn.	Holland	Pressler
Bedell	Holt	Quie
Blouin	Hughes	Regula
Brinkley	Hutchinson	Risenhoover
Broomfield	Hyde	Robinson
Brown, Mich.	Jacobs	Rousslet
Broyhill	Jarman	Russo
Burgener	Jeffords	Satterfield
Butler	Johnson, Colo.	Schroeder
Cederberg	Jones, Okla.	Schulze
Clancy	Kasten	Sebelius
Clawson, Del.	Kelly	Sharp
Cochran	Kemp	Shriver
Collins, Tex.	Ketchum	Shuster
Conable	Kindness	Skubitz
Conlan	Krebs	Slack
Crane	Lagomarsino	Smith, Nebr.
Daniel, Dan	Latta	Snyder
Daniel, R. W.	Lent	Spence
Derrick	Litton	Stanton,
Derwinski	Lott	J. William
Devine	McClory	Steed
Dickinson	McCloskey	Steiger, Ariz.
Dingell	McCollister	Symms
Downing, Va.	McDonald	Talcott
Edwards, Ala.	McEwen	Taylor, Mo.
Emery	Madigan	Thone
Fenwick	Maguire	Treen
Findley	Mann	Waggonner
Flynt	Mathis	Whitehurst
Frenzel	Michel	Whitten
Frey	Mikva	Wiggins
Gialmo	Miller, Ohio	Winn
Gilman	Moore	Wirth
Goodling	Moorhead,	Wylder
Gradison	Calif.	Young, Fla.

NAYS—250

Addabbo	Boggs	Casey
Alexander	Boland	Chisholm
Ambro	Bolling	Clay
Anderson,	Bonker	Cohen
Calif.	Bowen	Collins, Ill.
Andrews, N.C.	Brademas	Conte
Andrews,	Breckinridge	Corman
N. Dak.	Brodhead	Cornell
Aspin	Brooks	Cotter
AuCoin	Brown, Calif.	Coughlin
Badillo	Buchanan	D'Amours
Baldus	Burke, Calif.	Danielson
Beard, R.I.	Burke, Mass.	Davis
Bennett	Burleson, Tex.	de la Garza
Bergland	Burlison, Mo.	Delaney
Bevill	Burton, John	Dellums
Biaggi	Byron	Dent
Biester	Carney	Diggs
Bingham	Carr	Dodd
Blanchard	Carter	Downey, N.Y.

Drinan	Keys	Rees
Duncan, Oreg.	Koch	Reuss
Duncan, Tenn.	Krueger	Richmond
du Pont	LaFalce	Riegle
Early	Lehman	Rinaldo
Eckhardt	Levitas	Roberts
Edgar	Lloyd, Calif.	Rodino
Edwards, Calif.	Lloyd, Tenn.	Roe

Ellberg	Long, La.	Rogers
English	Long, Md.	Roncalio
Evans, Colo.	McCormack	Rooney
Evans, Ind.	McDade	Rose
Evins, Tenn.	McFall	Rosenthal
Fascell	McHugh	Rostenkowski
Fish	McKay	Roush
Fisher	McKinney	Roybal
Fithian	Macdonald	Ryan
Flood	Mahon	St Germain
Florio	Matsunaga	Santini
Flowers	Mazzoli	Sarasin
Foley	Meeds	Sarbanes
Ford, Mich.	Melcher	Scheuer
Ford, Tenn.	Meyner	Seiberling
Fountain	Mezvinsky	Shipley
Fuqua	Millford	Simon
Gaydos	Miller, Calif.	Spellman
Gibbons	Mills	Staggers
Ginn	Mineta	Stanton
Gonzalez	Minish	James V.
Gude	Mitchell, Md.	Steelman
Haley	Mokley	Stephens
Hall	Moffett	Stokes
Hamilton	Mollohan	Stratton
Hammer-	Montgomery	Stuckey
schmidt	Moorhead, Pa.	Studds
Hanley	Morgan	Sullivan
Harkin	Mottl	Symington
Harrington	Murphy, Ill.	Taylor, N.C.
Harris	Murtha	Thompson
Harsha	Natcher	Thornton
Hawkins	Nedzi	Traxler
Hayes, Ind.	Nichols	Tsongas
Hays, Ohio	Nix	Ullman
Heckler, Mass.	Nolan	Van Deerlin
Hefner	Nowak	Vander Veen
Heinz	Oberstar	Vanik
Helstoski	Obey	Vigorito
Henderson	O'Hara	Walsh
Hightower	O'Neill	Wampler
Holtzman	Ottinger	Waxman
Howard	Patman, Tex.	Weaver
Howe	Patten, N.Y.	Whalen
Hubbard	Pattison, N.Y.	White
Hungate	Pepper	Wilson, Bob
Ichord	Perkins	Wilson, C. H.
Jenrette	Pickle	Wilson, Tex.
Johnson, Calif.	Pike	Wolf
Johnson, Pa.	Poage	Wright
Jones, Ala.	Preyer	Yates
Jones, N.C.	Pryce	Yatron
Jones, Tenn.	Pritchard	Young, Alaska
Jordan	Quillen	Young, Tex.
Karth	Railsback	Zablocki
Kastenmeier	Randall	Zeferetti
Kazen	Rangel	

NOT VOTING—54

Abzug	Fary	Passman
Anderson, Ill.	Forsythe	Peyser
Annunzio	Fraser	Rhodes
Ashbrook	Goldwater	Runnels
Barrett	Green	Ruppe
Bell	Guyer	Schneebeli
Breaux	Hébert	Sikes
Brown, Ohio	Hinshaw	Sisk
Burke, Fla.	Horton	Smith, Iowa
Burton, Phillip	Landrum	Solarz
Chappell	Leggett	Stark
Clausen,	Lujan	Steiger, Wis.
Don H.	Madden	Teague
Cleveland	Martin	Udall
Conyers	Metcalfe	Vander Jagt
Daniels, N.J.	Mink	Wylie
Erlenborn	Mitchell, N.Y.	Young, Ga.
Esch	Moss	
Eshleman	Murphy, N.Y.	

The Clerk announced the following pairs:

On this vote:

Mr. Sikes for, with Mr. Annunzio against.

Mr. Passman for, with Dominick V. Daniels against.

Mr. Breaux for, with Ms. Abzug against.

Mr. Landrum for, with Mr. Murphy of New York against.

Mr. Teague for, with Mr. Barrett against.
Mr. Chappell for, with Mr. Hébert against.
Mr. Runnels for, with Mr. Phillip Burton against.

Until further notice:

Mr. Anderson of Illinois with Mr. Green.
Mr. Burke of Florida with Mr. Sisk.
Mr. Erlenborn with Mr. Conyers.
Mr. Wylie with Mr. Peyser.
Mr. Ashbrook with Mr. Fary.
Mr. Vander Jagt with Mr. Fraser.
Mr. Don H. Clausen with Mr. Leggett.
Mr. Ruppe with Mr. Madden.
Mr. Bell with Mr. Stark.
Mr. Esch with Mr. Metcalfe.
Mr. Forsythe with Mr. Young of Georgia.
Mr. Brown of Ohio with Mrs. Mink.
Mr. Eshleman with Mr. Solarz.
Mr. Cleveland with Mr. Udall.
Mr. Goldwater with Mr. Moss.
Mr. Guyer with Mr. Lujan.
Mr. Horton with Mr. Martin.
Mr. Schneebeli with Mr. Hinshaw.
Mr. Steiger of Wisconsin with Mr. Smith of Iowa.

Messrs. TALCOTT, KREBS, DERWINSKI and ASHLEY changed their vote from "nay" to "yea".

Mr. MATSUNAGA changed his vote from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. DERWINSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 267, nays 113, not voting 53, as follows:

[Roll No. 652]

YEAS—267

Abdnor	de la Garza	Hays, Ohio
Addabbo	Delaney	Heckler, Mass.
Alexander	Dellums	Hefner
Ambro	Dent	Heinz
Anderson,	Diegs	Helstoski
Calif.	Dingell	Henderson
Andrews, N.C.	Downey, N.Y.	Hightower
Andrews,	Downing, Va.	Hillis
N. Dak.	Drinan	Holland
Aspin	Duncan, Oreg.	Holtzman
AuCoin	Duncan, Tenn.	Howard
Badillo	du Pont	Howe
Bafalis	Early	Hubbard
Baldus	Eckhardt	Hungate
Beard, R.I.	Edgar	Ichord
Bennett	Edwards, Calif.	Jenrette
Bergland	Ellberg	Johnson, Calif.
Bevill	English	Johnson, Colo.
Biaggi	Evans, Colo.	Johnson, Pa.
Biester	Evans, Ind.	Jones, Ala.
Bingham	Evins, Tenn.	Jones, N.C.
Blanchard	Fascell	Jones, Tenn.
Blouin	Findley	Jordan
Boggs	Fish	Karth
Boland	Fisher	Kastenmeier
Bolling	Fithian	Kazen
Bonker	Flood	Keys
Bowen	Florio	Kindness
Brademas	Flowers	Koch
Breckinridge	Foley	Krueger
Brinkley	Ford, Mich.	LaFalce
Brodhead	Ford, Tenn.	Lehman

Brooks	Fountain	Lent
Broomfield	Frey	Litton
Brown, Calif.	Fuqua	Lloyd, Calif.
Buchanan	Gaydos	Lloyd, Tenn.
Burke, Calif.	Gibbons	Long, La.
Burke, Mass.	Gilman	Long, Md.
Burlison, Mo.	Ginn	McClory
Butler	Gonzalez	McCormack
Carney	Goodling	McDade
Carr	Gude	McFall
Carter	Haley	McHugh
Cederberg	Hall	McKay
Chisholm	Hamilton	McKinney
Clay	Hammer-	Macdonald
Cohen	schmidt	Madigan
Collins, Ill.	Hanley	Matsunaga
Conte	Harkin	Mazzoli
Corman	Harrington	Meeds
Cornell	Harris	Melcher
Coughlin	Harsha	Meyner
D'Amours	Hastings	Mezvisky
Danielson	Hawkins	Miller, Calif.
Davis	Hayes, Ind.	Mills
Mineta	Rallsback	Stephens
Minish	Randall	Stokes
Mitchell, Md.	Rangel	Stratton
Moakley	Rees	Studds
Moffett	Regula	Sullivan
Mollohan	Reuss	Symington
Moorhead, Pa.	Richmond	Taylor, N.C.
Morgan	Riegle	Thompson
Mosher	Rinaldo	Thornton
Murphy, Ill.	Risenhoover	Traxler
Murtha	Roberts	Tsongas
Natcher	Rodino	Ullman
Nedzi	Roe	Van Deerlin
Nichols	Rogers	Vander Veen
Nix	Roncalio	Vanik
Nowak	Rooney	Vigorito
Oberstar	Rose	Walsh
Obey	Rosenthal	Wampler
O'Brien	Rostenkowski	Waxman
O'Hara	Roush	Weaver
O'Neill	Roybal	Whalen
Ottinger	Ryan	White
Patman, Tex.	St Germain	Whitehurst
Patten, N.J.	Sarasin	Wilson, Bob
Patterson,	Sarbanes	Wilson, C. H.
Calif.	Scheuer	Wilson, Tex.
Pattison, N.Y.	Seiberling	Winn
Pepper	ShIPLEY	Wolf
Perkins	Shriver	Wright
Pickle	Simon	Wylder
Pike	Spellman	Yates
Preyer	Staggers	Yatron
Price	Stanton,	Young, Alaska
Pritchard	J. William	Young, Tex.
Quillen	Stanton,	Zablocki
	James V.	Zefteretti

NAYS—113

Adams	Hagedorn	Mottl
Archer	Hannaford	Myers, Ind.
Armstrong	Hansen	Myers, Pa.
Ashley	Hechler, W. Va.	Neal
Baucus	Hicks	Pettis
Bauman	Holt	Poage
Beard, Tenn.	Hughes	Pressler
Bedell	Hutchinson	Quile
Brown, Mich.	Hyde	Robinson
Broyhill	Jacobs	Rousselot
Burgener	Jarman	Runnels
Burleson, Tex.	Jeffords	Russo
Burton, John	Jones, Okla.	Santini
Byron	Kasten	Satterfield
Casey	Kelly	Schroeder
Clancy	Kemp	Schulze
Clawson, Del	Ketchum	Sebelius
Cochran	Krebs	Sharp
Collins, Tex.	Lagamarsino	Shuster
Conable	Latta	Skubitz
Conlan	Levitas	Slack
Cotter	Lott	Smith, Nebr.
Crane	McCloskey	Snyder
Daniel, Dan	McCollister	Spence
Daniel, R. W.	McDonald	Steed
Derrick	McEwen	Steelman
Derwinski	Maguire	Steiger, Ariz.
Devine	Mahon	Stuckey

DICKINSON	Mann	Symms
Dodd	Mathis	Talcott
Edwards, Ala.	Michel	Taylor, Mo.
Emery	Mikva	Thone
Fenwick	Milford	Treen
Flynt	Miller, Ohio	Waggonner
Frenzel	Montgomery	Whitten
Gaiamo	Moore	Wiggins
Gradison	Moorhead,	Wirth
Grassley	Calif.	Young, Fla.

NOT VOTING—53

Abzug	Eshleman	Moss
Anderson, Ill.	Fary	Murphy, N.Y.
Annunzio	Forsythe	Passman
Ashbrook	Fraser	Peyser
Barrett	Goldwater	Rhodes
Bell	Green	Ruppe
Breaux	Guyer	Schneebeli
Brown, Ohio	Hébert	Sikes
Burke, Fla.	Hinshaw	Sisk
Burton, Phillip	Horton	Smith, Iowa
Chappell	Landrum	Solarz
Clausen,	Leggett	Stark
Don H.	Lujan	Steiger, Wis.
Cleveland	Madden	Teague
Conyers	Martin	Udall
Daniels, N.J.	Metcalfe	Vander Jagt
Erlenborn	Mink	Wylie
Esch	Mitchell, N.Y.	Young, Ga.

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Sikes against.
 Ms. Abzug for, with Mr. Breaux against.
 Mr. Dominick V. Daniels for, with Mr. Passman against.

Mr. Hinshaw for, with Mr. Landrum against.

Mr. Forsythe for, with Mr. Teague against.
 Mr. Horton for, with Mr. Chappell against.
 Mr. Barrett for, with Mr. Guyer against.
 Mr. Green for, with Mr. Stark against.
 Mr. Murphy of New York for, with Mr. Wylie against.

Mr. Solarz for, with Mr. Lujan against.
 Mr. Sisk for, with Mr. Eshleman against.
 Mr. Hébert for, with Mr. Burke of Florida against.

Until further notice:

Mr. Phillip Burton with Mr. Madden.
 Mr. Conyers with Mr. Fary.
 Mr. Leggett with Mr. Metcalfe.
 Mr. Fraser with Mr. Bell.
 Mr. Don H. Clausen with Mr. Peyser.
 Mr. Moss with Mr. Anderson of Illinois.
 Mr. Esch with Mr. Ashbrook.
 Mrs. Mink with Mr. Cleveland.
 Mr. Smith of Iowa with Mr. Brown of Ohio.
 Mr. Martin with Mr. Erlenborn.
 Mr. Mitchell of New York with Mr. Goldwater.
 Mr. Steiger of Wisconsin with Mr. Ruppe.
 Mr. Udall with Mr. Schneebeli.
 Mr. Young of Georgia with Mr. Vander Jagt.

Messrs. COTTER, LEVITAS, JOHN L. BURTON, RUSSO, and DODD changed their votes from "yea" to "nay."

Mr. ST GERMAIN changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

94TH CONGRESS
1ST SESSION

H. R. 8603

IN THE SENATE OF THE UNITED STATES

NOVEMBER 3, 1975

Read twice and referred to the Committee on Post Office and Civil Service

AN ACT

To amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Postal Reorganization
4 Act Amendments of 1975".

5 SEC. 2. (a) (1) Section 2401 (a) of title 39, United
6 States Code, is amended to read as follows:

7 “(a) (1) There are authorized to be appropriated to the
8 Postal Service for the fiscal year ending June 30, 1976,
9 such sums as may be necessary to enable the Postal Service

1 to carry out the purposes, functions, and powers authorized
2 by this title.

3 “(2) The Postal Service, in requesting amounts to be
4 appropriated under this subsection, shall present to the appro-
5 priate committees of the Congress a statement containing a
6 description of the operations of the Postal Service together
7 with any other information which any such committee con-
8 siderers necessary to determine the amount of funds to be
9 appropriated for the operation of the Postal Service.

10 “(3) All revenues and fees collected by the Postal Serv-
11 ice shall be deposited in the general fund of the Treasury of
12 the United States.”.

13 (2) Section 2003 (b) (1) of such title is amended to
14 read as follows:

15 “(1) Amounts appropriated pursuant to the au-
16 thorization made by section 2401 (a) (1) of this title;”.

17 (3) Section 2003 (b) (3) of such title is amended by
18 inserting “in addition to amounts appropriated pursuant to
19 the authorization made by section 2401 (a) (1) of this
20 title” immediately after “Postal Service”.

21 (4) Section 4 (b) of the Postal Reorganization Act
22 (Public Law 91-375; 84 Stat. 774) is amended by striking
23 out “Postal Service” and inserting in lieu thereof “United
24 States, and shall be deposited in the general fund of the

1 Treasury of the United States in accordance with section
2 2401 (a) (3) of title 39, United States Code, as added by
3 the Postal Reorganization Act Amendments of 1975".

4 (b) Section 2401 (b) of title 39, United States Code,
5 is amended to read as follows:

6 " (b) (1) There are authorized to be appropriated to
7 the Postal Service such sums as may be necessary as reim-
8 bursement to the Postal Service for public service costs
9 incurred by it in providing a maximum degree of effective
10 and regular postal service nationwide, in communities where
11 post offices may not be deemed self-sustaining, as elsewhere.

12 " (2) (A) The appropriations authorized in paragraph
13 (1) of this subsection shall be used to reimburse the Postal
14 Service for the costs of maintaining a system which shall pro-
15 vide a maximum degree of effective and regular postal serv-
16 ices throughout the Nation, and which is available to serve
17 the entire public regardless of particular individual usage.

18 " (B) Except as provided in subparagraph (C) of this
19 paragraph, the Postal Service shall provide door delivery or
20 curbside delivery to all permanent residential addresses (other
21 than apartment building addresses). The Postal Service shall
22 provide door delivery in any case in which the unit of general
23 local government having jurisdiction over the address in-
24 volved has adopted zoning ordinances in the interest of pro-

1 tecting the public safety which prohibit the construction or
2 maintenance of any structure on the property adjacent to the
3 curbline.

4 “(C) The Postal Service may provide cluster box
5 delivery service for any permanent residential address in
6 any case in which a unit of general local government having
7 jurisdiction over such address specifically approves the
8 provision of such cluster box delivery service.

9 “(3) Appropriations made under the authority of this
10 subsection shall not be expended or utilized in such a manner
11 as to effect a reduction of more than 10 percent in the appli-
12 cable postal rates or fees established under chapter 36 of
13 this title for zone-rated mail matter formerly entered under
14 former chapter 67 of this title.

15 “(4) The levels of service described in paragraph (2)
16 (B) and paragraph (2) (C) of this subsection shall be
17 required to be provided only during any period for which
18 the appropriations authorized under paragraph (1) of this
19 subsection have been appropriated by the Congress.

20 “(5) The Postal Service, in requesting an amount to be
21 appropriated under this subsection, shall present to the
22 appropriate committees of the Congress a comprehensive
23 statement of its compliance with the public service cost policy
24 established under section 101 (b) of this title.”.

25 (c) (1) Section 3621 of title 39, United States Code,

1 is amended by striking out "income" and inserting in lieu
2 thereof "revenue".

3 (2) Section 3625 (d) of such title is amended by strik-
4 ing out "income" and inserting in lieu thereof "revenue".

5 SEC. 3. (a) Section 3601 of title 39, United States
6 Code, is amended to read as follows:

7 **"§ 3601. Establishment**

8 " (a) The Postal Rate Commission is an independent
9 establishment of the executive branch of the Government of
10 the United States. The Commission is composed of 5 Com-
11 missioners, appointed by the President, by and with the
12 advice and consent of the Senate. The Commissioners shall
13 be chosen on the basis of their professional qualifications and
14 may be removed by the President only for cause. Not more
15 than 3 of the Commissioners may be adherents of the same
16 political party.

17 " (b) A Commissioner may continue to serve after the
18 expiration of his term until his successor has qualified, except
19 that such Commissioner may not so continue to serve for
20 more than 1 year after the date upon which his term other-
21 wise would expire under section 3602 of this title.

22 " (c) One of the Commissioners shall be designated as
23 Chairman by, and shall serve in the position of Chairman at
24 the pleasure of, the President.

25 " (d) The Commissioners shall by majority vote desig-

1 nate a Vice Chairman of the Commission. The Vice Chair-
2 man shall act as Chairman of the Commission in the ab-
3 sence of the Chairman.”.

4 (b) The provisions of section 3601 (a) of title 39,
5 United States Code, as amended by subsection (a), shall
6 not apply with respect to any Commissioner of the Postal
7 Rate Commission holding office on the date of the enact-
8 ment of this Act, except that such provisions shall apply to
9 any appointment of such a Commissioner occurring after the
10 date of the enactment of this Act.

11 SEC. 4. Section 3604 of title 39, United States Code,
12 is amended to read as follows:

13 **“§ 3604. Administration**

14 “(a) The Chairman of the Postal Rate Commission
15 shall be the principal executive officer of the Commission.
16 The Chairman shall exercise or direct the exercise of all the
17 executive and administrative functions of the Commission,
18 including functions of the Commission with respect to (1)
19 the appointment and supervision of personnel employed
20 under the Commission, (2) the distribution of business among
21 such personnel, and among the Commissioners, and (3) the
22 use and expenditure of funds.

23 “(b) In carrying out any of his functions under this
24 section, the Chairman shall be governed by the general
25 policies of the Commission.

1 “(c) The Chairman may obtain such facilities and sup-
 2 plies as may be necessary to permit the Commission to carry
 3 out its functions. Any officer or employee appointed under
 4 this section shall be paid at rates of compensation, and shall
 5 be entitled to programs offering employee benefits, estab-
 6 lished under chapter 10 or chapter 12 of this title, as
 7 appropriate.

8 “(d) (1) Except as provided by paragraph (2), the
 9 provisions of section 410 and chapter 10 of this title shall
 10 apply to the Commission, as appropriate.

11 “(2) The provisions of the Budget and Accounting Act,
 12 1921, relating to the preparation and presentation of budgets,
 13 and the provisions of any other Federal law relating to the
 14 preparation and presentation of budgets, shall apply to the
 15 Commission.”.

16 SEC. 5. Section 3624 of title 39, United States Code,
 17 as amended by section 7 (a) of this Act, is amended by
 18 adding at the end thereof the following new subsection:

19 “(e) Any final action of the Commission under section
 20 3622, 3623, 3661, or 3662 of this title shall be made by a
 21 vote of a majority of the Commissioners in office.”.

22 SEC. 6. (a) Section 3624 (a) of title 39, United States
 23 Code, is amended to read as follows:

24 “(a) The Postal Rate Commission shall promptly con-
 25 sider any request made by the Postal Service under section

1 3622 or section 3623 of this title. In the course of such con-
 2 sideration, the Commission shall hold hearings and give
 3 reasonable public notice thereof, and shall afford reasonable
 4 opportunity for the Postal Service, users of the mails, and an
 5 officer of the Commission who shall be required to represent
 6 the interests of the general public, to be present, and to
 7 present data and arguments, at any such hearing.”.

8 (b) Section 3628 of title 39, United States Code, is
 9 amended by inserting immediately after the second sentence
 10 the following new sentence: “The standard of review es-
 11 tablished by section 706 (2) (A) of title 5 shall apply with
 12 respect to any review made by the court under this section.”.

13 (c) The first sentence of section 3661 (c) of title 39,
 14 United States Code, is amended to read as follows: “The
 15 Commission shall not issue its opinion on any proposal until
 16 an opportunity for a hearing is accorded interested parties,
 17 reasonable public notice is given thereof, and a reasonable
 18 opportunity is afforded interested parties, including an officer
 19 of the Commission who shall be required to represent the
 20 interests of the general public, to be present, and to present
 21 data and arguments, at any such hearing.”.

22 (d) Section 3661 of title 39, United States Code, is
 23 amended by adding at the end thereof the following new
 24 subsection:

25 “(d) For purposes of this section, the term ‘change

1 in the nature of postal services' means any change or altera-
2 tion in the type, quality, terms, or conditions of providing
3 for the receipt, transmission, or delivery of mail matter of
4 any type.”.

5 (e) The amendments made by the foregoing provisions
6 of this section shall not affect any proceedings pending
7 before the Postal Rate Commission on the date of the
8 enactment of this Act. Orders shall be issued in such pro-
9 ceedings and appeals shall be taken from such proceedings
10 as if the amendments made by the foregoing provisions of
11 this section had not been enacted. Orders issued in any such
12 proceedings shall continue in effect until modified, terminated,
13 superseded, or repealed, through any action taken under
14 title 39, United States Code, through action taken by a court
15 of competent jurisdiction, or by operation of law.

16 SEC. 7 (a) Section 3624 of title 39, United States
17 Code, is amended by redesignating subsection (c) as sub-
18 section (d) and by inserting immediately after subsection
19 (b) the following new subsection:

20 “(c) (1) Except as provided by paragraph (2) of this
21 subsection, in any case in which the Postal Service makes a
22 request under section 3622 of this title for a recommended
23 decision by the Commission on changes in a rate or rates of
24 postage or in a fee or fees for postal services, or a request

1 under section 3623 (b) of this title for a recommended deci-
2 sion by the Commission on changes in the mail classification
3 schedule, the Commission shall transmit its recommended
4 decision to the Governors under subsection (d) of this sec-
5 tion no later than 10 months after receiving any such request
6 from the Postal Service.

7 “(2) In any case in which the Commission determines
8 that the Postal Service has unreasonably delayed considera-
9 tion of a request made by the Postal Service under section
10 3622 or section 3623 (b) by failing to respond within a
11 reasonable time to any lawful order of the Commission, the
12 Commission may extend the 10-month period described in
13 paragraph (1) of this subsection by one day for each day
14 of such delay.”.

15 (b) The amendment made by subsection (a) shall not
16 apply to any action or proceeding with respect to (1) the
17 recommended decision of the Postal Rate Commission relat-
18 ing to proposed changes in rates of postage, and in fees for
19 postal services, requested on September 18, 1975, by the
20 United States Postal Service in a request bearing Postal Rate
21 Commission Docket Number R76-1; or (2) the recom-
22 mended decision of the Commission relating to the proposed
23 establishment of a mail classification schedule made on Jan-
24 uary 18, 1973, by the Postal Service in a request bearing
25 Postal Rate Commission Docket Number MC73-1.

1 SEC. 8. (a) Section 3641 of title 39, United States Code,
2 is amended to read as follows:

3 **“§ 3641. Temporary changes in rates and classes**

4 “(a) In any case in which the Postal Rate Commission
5 fails to transmit a recommended decision on a change in rates
6 of postage or in fees for postal services, or on a change in the
7 mail classification schedule, to the Governors in accordance
8 with section 3624 (c) of this title, the Postal Service may
9 establish temporary changes in rates of postage, in fees for
10 postal services, or in the mail classification schedule, in ac-
11 cordance with the provisions of this section. Such temporary
12 changes may take effect upon such date as the Postal Service
13 may determine, except that such temporary changes may
14 take effect only after 10 days’ notice in the Federal Register.

15 “(b) Any temporary rate or fee established by the Pos-
16 tal Service under subsection (a) of this section shall be in
17 accordance with the policies of this title and shall not exceed
18 such amount as may be necessary for sufficient revenues to
19 assure that the total estimated income, including appropria-
20 tions, of the Postal Service shall, to the extent practicable, be
21 equal to the total estimated costs of the Postal Service.

22 “(c) The Postal Service may not establish any tempo-
23 rary rate for a class of mail or any temporary fee for a postal
24 service which is more than the permanent rate or fee re-

1 requested for such class or postal service by the Postal Service
2 under section 3622 of this title.

3 “(d) Any temporary change in rates of postage, in fees
4 for postal services, or in the mail classification schedule made
5 by the Postal Service under this section shall remain in effect
6 no longer than 150 days after the date upon which the Com-
7 mission transmits its recommended decision to the Governors
8 under section 3624 (d) of this title, unless such temporary
9 change is terminated by the Governors before the expiration
10 of such period.”.

11 (b) (1) The amendment made by subsection (a) of this
12 section shall not apply to any action or proceeding with
13 respect to (A) the recommended decision of the Postal Rate
14 Commission relating to proposed changes in rates of postage,
15 and in fees for postal services, requested on September 18,
16 1975, by the United States Postal Service in a request bear-
17 ing Postal Rate Commission Docket Number R76-1; or (B)
18 the recommended decision of the Commission relating to the
19 proposed establishment of a mail classification schedule re-
20 quested on January 18, 1973, by the Postal Service in a
21 request bearing Postal Rate Commission Docket Number
22 MC73-1.

23 (2) The provisions of section 3641 of title 39, United
24 States Code, as such provisions were in effect on the day
25 before the date of the enactment of this Act, shall apply

1 to any temporary rate or fee established by the Postal
 2 Service pursuant to its request to the Postal Rate Com-
 3 mission, dated September 18, 1975, for a recommended
 4 decision, bearing Docket Number R76-1, except that such
 5 temporary rate or fee may not exceed the lesser of (A)
 6 the rate or fee requested for such class or service; or (B)
 7 a rate or fee which is more than one-fifth greater than the
 8 permanent rate or fee in effect for that class or service at
 9 the time a permanent change in the rate or fee of such
 10 class or service was requested under section 3622 of title
 11 39, United States Code, by the Postal Service in its request
 12 bearing Docket Number R76-1.

13 SEC. 9. Section 3622 (b) of title 39, United States Code,
 14 is amended by striking out "and" at the end of paragraph
 15 (7), by redesignating paragraph (8) as paragraph (9), and
 16 by inserting immediately after paragraph (7) the following
 17 new paragraph:

18 " (8) the educational, cultural, scientific, and infor-
 19 mational value to the recipient of mail matter; and".

20 SEC. 10. Section 3626 of title 39, United States Code,
 21 is amended by inserting "(a)" immediately before "If the
 22 rates" and by adding at the end thereof the following new
 23 subsections:

24 " (b) (1) For the purposes of this title, the term 'period-
 25 ical publications', as used in former section 4351 of this title,

1 includes (A) any catalog or other course listing, including
 2 mail announcements of legal texts which are part of post-bar
 3 admission education issued by any institution of higher edu-
 4 cation or by a nonprofit organization engaged in continuing
 5 legal education; and (B) any looseleaf page or report (in-
 6 cluding any index, instruction for filing, table, or sectional
 7 identifier which is an integral part of such report) which is
 8 designed as a part of a looseleaf reporting service concerning
 9 developments in the law or public policy.

10 “(2) Any material described in paragraph (1) of this
 11 subsection shall qualify to be entered and mailed as second
 12 class mail in accordance with the applicable provisions of
 13 former section 4352 through former section 4357 of this title.

14 “(3) For purposes of this subsection, the term ‘institu-
 15 tion of higher education’ has the meaning given it by section
 16 1201 (a) of the Higher Education Act of 1965 (20 U.S.C.
 17 1141 (a)).

18 “(c) In the administration of this section a committee
 19 qualified for tax credit contributions under section 41 (c) (1)
 20 (C) and (D) of the Internal Revenue Code shall be con-
 21 sidered a qualified nonprofit organization under former
 22 sections 4452 (d) and 4358 (j) (2) of this title.

23 “(d) In the administration of this section, one conserva-
 24 tion publication published by an agency of a State which is
 25 responsible for management and conservation of the fish or

1 wildlife resources of such State shall be considered a publica-
 2 tion of a qualified nonprofit organization which qualifies
 3 for rates of postage under former section 4358 (d) of this
 4 title.

5 “(e) (1) For purposes of this title, the term ‘agricul-
 6 tural’, as used in former sections 4358 (j) (2), 4452 (d),
 7 and 4554 (b) (1) (B) of this title, includes the art or
 8 science of cultivating land, harvesting crops or marine
 9 resources, or raising of livestock.

10 “(2) In the administration of this section, and for pur-
 11 poses of former sections 4358 (j) (2), 4452 (d), and 4554
 12 (b) (1) (B) of this title, agricultural organizations or asso-
 13 ciations shall include any organization or association which
 14 collects and disseminates information or materials relating to
 15 agricultural pursuits.”.

16 SEC. 11. (a) Chapter 4 of title 39, United States Code,
 17 is amended by adding at the end thereof the following new
 18 section:

19 **“§ 413. Reporting requirements**

20 “(a) The Postal Service shall keep the Postal Rate
 21 Commission fully and currently informed with respect to
 22 the operation of the Postal Service. The Postal Service shall
 23 furnish to the Commission information with respect to—

24 “(1) internal Postal Service management matters;

25 “(2) plans and policies of the Postal Service with

1 respect to proposed changes in the nature of postal serv-
 2 ices; and

3 “(3) evaluations undertaken by or at the direction
 4 of the Postal Service with respect to the operation of
 5 the Postal Service.

6 “(b) The Postal Service shall furnish to the Postal
 7 Rate Commission any information which the Commission
 8 considers necessary or appropriate for the effective evalua-
 9 tion of the operation of the Postal Service.”.

10 (b) The table of sections for chapter 4 of title 39,
 11 United States Code, is amended by adding at the end thereof
 12 the following new item:

 “413. Reporting requirements.”.

13 SEC. 12. (a) Subchapter I of chapter 36 of title 39,
 14 United States Code, is amended by adding at the end thereof
 15 the following new section:

16 **“§ 3605. Review and hearings**

17 “(a) The Postal Rate Commission shall have the au-
 18 thority to initiate reviews and hearings with respect to the
 19 activities of the Board of Governors and the Postal Service
 20 under this chapter.

21 “(b) Any hearing initiated by the Postal Rate Commis-
 22 sion under this section shall be in accordance with section
 23 3624 (a) of this title.

24 “(c) (1) The Postal Rate Commission may issue sub-

1 penas, signed by the Chairman of the Commission, to compel
 2 the production of evidence and the testimony of witnesses
 3 with respect to any hearing held by the Commission under
 4 this chapter.

5 “(2) Any appropriate district court of the United
 6 States may, upon petition by the Commission, in case of re-
 7 fusals to obey a subpoena of the Commission issued under
 8 this subsection, issue an order requiring compliance with
 9 such subpoena. Any failure to obey such order may be pun-
 10 ished by such district court as a contempt thereof.”.

11 (b) The table of sections for subchapter I of chapter
 12 36 of title 39, United States Code, is amended by adding
 13 at the end thereof the following new item:

“3605. Review and hearings.”.

14 SEC. 13. Section 3683 of title 39, United States Code,
 15 is amended by inserting “(a)” immediately before “Notwith-
 16 standing any other provision” and by adding at the end
 17 thereof the following new subsection:

18 “(b) The rates for mail matter specified in former sec-
 19 tion 4554 (a) (1) or 4554 (b) (2) (A) of this title, when
 20 mailed from a publisher or a distributor to a school, college,
 21 university, or library, shall be the rate currently in effect for
 22 such mail matter under the provisions of former section
 23 4554 (b) (1) of this title.”.

24 SEC. 14. (a) (1) There is hereby established the Com-

1 mission on Postal Service (hereinafter in this section referred
2 to as the "Commission"). The Commission shall be composed
3 of five members, to be selected as follows:

4 (A) two appointed by the President of the United
5 States, of whom one shall be appointed as Chairman;

6 (B) one appointed by the President pro tempore of
7 the Senate;

8 (C) one appointed by the Speaker of the House of
9 Representatives; and

10 (D) one appointed by the Postmaster General.

11 (2) The members of the Commission shall be appointed
12 within 30 days following the date of the enactment of this
13 Act.

14 (3) Any vacancy in the Commission shall not affect its
15 powers, but shall be filled in the same manner as the original
16 appointment.

17 (b) (1) The Commission shall identify and study the
18 public service aspects of the United States Postal Service and
19 shall recommend to what extent and by what means such
20 aspects may be defined and costs thereof reasonably esti-
21 mated. The Commission shall also identify, insofar as prac-
22 ticable, any difference between—

23 (A) the costs that the Postal Service should reason-
24 ably be expected to incur in providing postal services in

1 accordance with the policies of title 39, United States
2 Code; and

3 (B) the revenues that the Postal Service may rea-
4 sonably be expected to receive from rates and fees for
5 postal services, with due consideration that demands for
6 postal services may be reflected by changes in the levels
7 of such rates and fees.

8 (2) The Commission shall determine the extent to
9 which the public service aspects of the Postal Service shall
10 be supported by appropriations. The Commission shall
11 recommend such a plan with due consideration being given
12 to—

13 (A) the economic and social benefits of the postal
14 system to the user and recipient of the mail;

15 (B) the relative economic ability of the users of
16 various classes of mail to absorb the costs of the postal
17 system;

18 (C) the extent to which the costs of maintaining a
19 system which would provide a reasonable degree of
20 regular postal services to the entire public without
21 regard to individual usage, and the degree to which such
22 costs should be borne by the public generally rather than
23 by mail users in particular;

1 (D) the relative economic and social benefits of
2 other uses of private and public funds; and

3 (E) the need of the Postal Service for adequate and
4 dependable funding and for systematic planning and
5 ratemaking to provide efficient and economical postal
6 services in accordance with the policies of title 39, United
7 States Code.

8 (c) (1) The Commission shall study the ratemaking
9 procedures established under title 39, United States Code,
10 particularly the functions and responsibilities of the Postal
11 Rate Commission, and shall develop recommendations for
12 more expeditious and economical procedures that are respon-
13 sive to the needs of the Postal Service and the public. If the
14 Commission recommends the abolition of the Postal Rate
15 Commission, the Commission shall further recommend a
16 method of assuring that changes in postal rates shall be
17 reviewed independently outside the Postal Service. The
18 Commission shall consider a system in which changes in
19 postal rates shall not exceed changes in consumer prices
20 unless greater changes are approved by a body independent
21 of the Postal Service.

22 (2) In reviewing postal ratemaking procedures pursuant
23 to paragraph (1) of this subsection, the Commission shall
24 study the reasonableness and adequacy of the ratemaking
25 criteria established by section 3622 (b) of title 39, United

1 States Code. The study shall address the desirability of a
2 statutory requirement for cost attributions to particular classes
3 of mail or types of mail service.

4 (d) The Commission shall study the causes of the in-
5 creases in postal costs that have occurred since the enact-
6 ment of the Postal Reorganization Act. The Commission
7 shall consider and report on the desirability of instituting
8 additional statutory or administrative systems for reviewing
9 and controlling postal costs or of changing the system cur-
10 rently established under title 39, United States Code.

11 (e) (1) For purposes of carrying out its functions under
12 this section, the Commission may sit and act at such times
13 and places and receive such evidence and testimony as it con-
14 siders advisable.

15 (2) The Commission may secure directly from any de-
16 partment or agency of the United States information and as-
17 sistance necessary to carry out its duties under this section.
18 Each department or agency is authorized and directed, to the
19 extent permitted by law and within the limits of available
20 funds, to furnish information and assistance to the Commis-
21 sion.

22 (3) When so authorized by the Commission, any mem-
23 ber or agent of the Commission may take any action which
24 the Commission is authorized to take by this section.

25 (4) All meetings, hearings, conferences, or other pro-

1 ceedings of the Commission shall be open to the chairmen
2 of the appropriate committees of the Congress or their
3 designees and reasonable notice of such meetings or hearings
4 shall be given to such chairmen or their designees.

5 (f) (1) Except as provided in paragraph (2), members
6 of the Commission each shall receive as compensation the
7 daily equivalent of the annual rate of basic pay in effect for
8 grade GS-18 for each day (including traveltime) during
9 which they are engaged in the actual performance of duties
10 vested in the Commission.

11 (2) Members of the Commission who are full-time of-
12 ficers or employees of the United States shall receive no
13 additional pay on account of their service on the Commission.

14 (3) While away from their homes or regular places of
15 business in the performance of service for the Commission,
16 members of the Commission shall be allowed travel expenses,
17 including per diem in lieu of subsistence, in the same manner
18 as persons employed intermittently in the Government service
19 are allowed expenses under section 5703 (b) of title 5, United
20 States Code.

21 (g) The Commission may appoint and fix the compen-
22 sation of such personnel as it considers advisable without
23 regard to the provisions of title 5, United States Code, gov-
24 erning appointments in the competitive service, and such
25 personnel may be paid without regard to the provisions of

1 chapter 51 and subchapter III of chapter 53 of such title
2 relating to classification and General Schedule pay rates,
3 but at a rate not to exceed the maximum rate authorized by
4 the General Schedule. The Commission may procure the
5 services of experts and consultants in accordance with sec-
6 tion 3109 of title 5, United States Code, but at rates for
7 individuals not to exceed the daily equivalent of the annual
8 rate of basic pay in effect for the maximum rate authorized
9 by the General Schedule.

10 (h) (1) The Commission shall transmit to the President
11 and to each House of the Congress detailed interim progress
12 reports four times annually, and a final report containing a
13 detailed statement of its findings and recommendations, to-
14 gether with any individual views, within two years after
15 the date of the enactment of this Act.

16 (2) The Commission shall not be required to obtain
17 the clearance of any Federal agency before the transmittal
18 of its report.

19 (i) The Commission shall cease to exist sixty days after
20 the transmission of its report under subsection (h) and all
21 offices and employment under it shall then expire.

22 (j) There is authorized to be appropriated to the Postal
23 Service Fund established under section 2003 of title 39,
24 United States Code, without fiscal year limitation, such
25 sums as may be necessary to carry out the provisions of

1 this section. Expenses incurred by the Commission shall be
2 paid out of the Postal Service Fund.

3 SEC. 15. (a) Chapter 6 of title 39, United States Code,
4 is amended by adding at the end thereof the following new
5 section:

6 **“§ 607. Delivery of mail by nonprofit organizations**

7 “(a) Notwithstanding section 1725 of title 18, any
8 member of a private nonprofit organization (other than a
9 political committee) may deposit any mailable matter
10 relating to the activities or functions of such organization
11 in any letterbox, if (1) such member engages in such
12 activity on a voluntary basis without reimbursement from
13 such organization; and (2) such organization has obtained
14 written approval to engage in such activity from the post-
15 master for the district in which such activity is to be
16 conducted.

17 “(b) Any mailable matter which is deposited in accord-
18 ance with subsection (a) may be deposited without the pay-
19 ment of any postage on such mailable matter.

20 “(c) For purposes of this section—

21 “(1) the term ‘letterbox’ means any letterbox estab-
22 lished, approved, or accepted by the Postal Service for
23 the receipt or delivery of mail matter on any mail route,
24 except that such term shall not include any unit of 10 or
25 more letterboxes situated at the same location;

“(2) the term ‘mailable matter’ means any matter which—

“(A) is not less than 3 inches nor more than 9 inches in height;

“(B) is not less than $4\frac{1}{4}$ inches nor more than 12 inches in length;

“(C) is rectangular in shape;

“(D) has a ratio of height to length which is not less than 1 to 1.414 (1 to the square root of 2);

“(3) the term ‘political committee’ has the meaning given it by section 301 (d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 (d)); and

“(4) the term ‘private nonprofit organization’ means any organization no part of the net earnings or income of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.”.

(b) The table of sections for chapter 6 of title 39, United States Code, is amended by adding at the end thereof the following new item:

“607. Delivery of mail by nonprofit organizations.”.

(c) Section 1725 of title 18, United States Code, is amended by striking out “Whoever” and inserting in lieu thereof “Except as provided by section 607 of title 39, whoever”.

1 SEC. 16. (a) Section 203 of title 39, United States
2 Code, is amended to read as follows:

3 **“§ 203. Postmaster General; Deputy Postmaster General**

4 “(a) The chief executive officer of the Postal Service is
5 the Postmaster General appointed by the President by and
6 with the advice and consent of the Senate. His pay shall be
7 fixed by the Governors.

8 “(b) The alternate chief executive officer of the Postal
9 Service is the Deputy Postmaster General appointed by the
10 President by and with the advice and consent of the Senate.
11 His pay shall be fixed by the Governors.”.

12 (b) Subsection (c) of section 202 of title 39, United
13 States Code, is amended to read as follows:

14 “(c) The Postmaster General and the Deputy Post-
15 master General each shall be voting members of the Board.”.

16 (c) Subsection (d) of section 202 of title 39, United
17 States Code, is repealed.

18 (d) Subsection (c) of section 205 of title 39, United
19 States Code, is amended to read as follows:

20 “(c) The Board shall act upon majority vote of those
21 members who are present, and any 6 members shall consti-
22 tute a quorum for the transaction of business by the Board
23 except as otherwise provided in this title.”.

1 (c) The first parenthetical phrase in the first sentence
2 of subsection (a) of section 1002 of title 39, United States
3 Code, is amended to read as follows: "(except a Governor,
4 a member of the Postal Rate Commission, the Postmaster
5 General, or the Deputy Postmaster General)".

Passed the House of Representatives October 30, 1975.

Attest:

W. PAT JENNINGS,

Clerk.

Calendar No. 915

94TH CONGRESS
2D SESSION**H. R. 8603**

[Report No. 94-966]

IN THE SENATE OF THE UNITED STATES

NOVEMBER 3, 1975

Read twice and referred to the Committee on Post Office and Civil Service

JUNE 21 (legislative day, JUNE 18), 1976

Reported by Mr. McGEE, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*
 3 ~~That this Act may be cited as the "Postal Reorganization~~
 4 ~~Act Amendments of 1975".~~

5 ~~SEC. 2. (a) (1) Section 2401 (a) of title 39, United~~
 6 ~~States Code, is amended to read as follows:~~

7 ~~"(a) (1) There are authorized to be appropriated to the~~
 8 ~~Postal Service for the fiscal year ending June 30, 1976,~~
 9 ~~such sums as may be necessary to enable the Postal Service~~

1 to carry out the purposes, functions, and powers authorized
2 by this title.

3 ~~“(2) The Postal Service, in requesting amounts to be~~
4 ~~appropriated under this subsection, shall present to the appro-~~
5 ~~priate committees of the Congress a statement containing a~~
6 ~~description of the operation of the Postal Service together~~
7 ~~with any other information which any such committee con-~~
8 ~~siders necessary to determine the amount of funds to be~~
9 ~~appropriated for the operation of the Postal Service.~~

10 ~~“(3) All revenues and fees collected by the Postal Serv-~~
11 ~~ice shall be deposited in the general fund of the Treasury of~~
12 ~~the United States.”.~~

13 ~~“(2) Section 2003 (b) (1) of such title is amended to~~
14 ~~read as follows:~~

15 ~~“(1) Amounts appropriated pursuant to the au-~~
16 ~~thorization made by section 2401 (a) (1) of this title;”.~~

17 ~~“(3) Section 2003 (b) (3) of such title is amended by~~
18 ~~inserting “in addition to amounts appropriated pursuant to~~
19 ~~the authorization made by section 2401 (a) (1) of this~~
20 ~~title” immediately after “Postal Service”.~~

21 ~~“(4) Section 4 (b) of the Postal Reorganization Act-~~
22 ~~(Public Law 91-375; 84 Stat. 771) is amended by striking~~
23 ~~out “Postal Service” and inserting in lieu thereof “United~~
24 ~~States, and shall be deposited in the general fund of the~~

1 ~~Treasury of the United States in accordance with section~~
 2 ~~2401 (a) (3) of title 39, United States Code, as added by~~
 3 ~~the Postal Reorganization Act Amendments of 1975.~~

4 ~~(b) Section 2401 (b) of title 39, United States Code,~~
 5 ~~is amended to read as follows:~~

6 ~~“(b) (1) There are authorized to be appropriated to~~
 7 ~~the Postal Service such sums as may be necessary as reim-~~
 8 ~~bursement to the Postal Service for public service costs~~
 9 ~~incurred by it in providing a maximum degree of effective~~
 10 ~~and regular postal service nationwide, in communities where~~
 11 ~~post offices may not be deemed self-sustaining, as elsewhere.~~

12 ~~“(2) (A) The appropriations authorized in paragraph~~
 13 ~~(1) of this subsection shall be used to reimburse the Postal~~
 14 ~~Service for the costs of maintaining a system which shall pro-~~
 15 ~~vide a maximum degree of effective and regular postal serv-~~
 16 ~~ices throughout the Nation, and which is available to serve~~
 17 ~~the entire public regardless of particular individual usage.~~

18 ~~“(B) Except as provided in subparagraph (C) of this~~
 19 ~~paragraph, the Postal Service shall provide door delivery or~~
 20 ~~curbline delivery to all permanent residential addresses (other~~
 21 ~~than apartment building addresses). The Postal Service shall~~
 22 ~~provide door delivery in any case in which the unit of general~~
 23 ~~local government having jurisdiction over the address in-~~
 24 ~~volved has adopted zoning ordinances in the interest of pro-~~

1 ~~protecting the public safety which prohibit the construction or~~
 2 ~~maintenance of any structure on the property adjacent to the~~
 3 ~~curbline.~~

4 ~~“(C) The Postal Service may provide cluster box~~
 5 ~~delivery service for any permanent residential address in~~
 6 ~~any case in which a unit of general local government having~~
 7 ~~jurisdiction over such address specifically approves the~~
 8 ~~provision of such cluster box delivery service.~~

9 ~~“(3) Appropriations made under the authority of this~~
 10 ~~subsection shall not be expended or utilized in such a manner~~
 11 ~~as to effect a reduction of more than 10 percent in the appli-~~
 12 ~~cable postal rates or fees established under chapter 36 of~~
 13 ~~this title for zone rated mail matter formerly entered under~~
 14 ~~former chapter 67 of this title.~~

15 ~~“(4) The levels of service described in paragraph (2)-~~
 16 ~~(B) and paragraph (2) (C) of this subsection shall be~~
 17 ~~required to be provided only during any period for which~~
 18 ~~the appropriations authorized under paragraph (1) of this~~
 19 ~~subsection have been appropriated by the Congress.~~

20 ~~“(5) The Postal Service, in requesting an amount to be~~
 21 ~~appropriated under this subsection, shall present to the~~
 22 ~~appropriate committees of the Congress a comprehensive~~
 23 ~~statement of its compliance with the public service cost policy~~
 24 ~~established under section 101 (b) of this title.”~~

25 ~~-(c) (1) Section 3621 of title 39, United States Code,~~

1 ~~is amended by striking out "income" and inserting in lieu~~
 2 ~~thereof "revenue".~~

3 ~~(2) Section 3625 (d) of such title is amended by strik-~~
 4 ~~ing out "income" and inserting in lieu thereof "revenue".~~

5 ~~SEC. 3. (a) Section 3601 of title 39, United States~~
 6 ~~Code, is amended to read as follows:~~

7 ~~**"§ 3601. Establishment**~~

8 ~~"(a) The Postal Rate Commission is an independent~~
 9 ~~establishment of the executive branch of the Government of~~
 10 ~~the United States. The Commission is composed of 5 Com-~~
 11 ~~missioners, appointed by the President, by and with the~~
 12 ~~advice and consent of the Senate. The Commissioners shall~~
 13 ~~be chosen on the basis of their professional qualifications and~~
 14 ~~may be removed by the President only for cause. Not more~~
 15 ~~than 3 of the Commissioners may be adherents of the same~~
 16 ~~political party.~~

17 ~~"(b) A Commissioner may continue to serve after the~~
 18 ~~expiration of his term until his successor has qualified, except~~
 19 ~~that such Commissioner may not so continue to serve for~~
 20 ~~more than 1 year after the date upon which his term other-~~
 21 ~~wise would expire under section 3602 of this title.~~

22 ~~"(c) One of the Commissioners shall be designated as~~
 23 ~~Chairman by, and shall serve in the position of Chairman at~~
 24 ~~the pleasure of, the President.~~

25 ~~"(d) The Commissioners shall by majority vote desig-~~

1 ~~nate a Vice Chairman of the Commission. The Vice Chair-~~
 2 ~~man shall act as Chairman of the Commission in the ab-~~
 3 ~~sence of the Chairman.”~~

4 ~~“(b) The provisions of section 3601 (a) of title 39,~~
 5 ~~United States Code, as amended by subsection (a), shall~~
 6 ~~not apply with respect to any Commissioner of the Postal~~
 7 ~~Rate Commission holding office on the date of the enact-~~
 8 ~~ment of this Act, except that such provisions shall apply to~~
 9 ~~any appointment of such a Commissioner occurring after the~~
 10 ~~date of the enactment of this Act.~~

11 ~~SEC. 4. Section 3601 of title 39, United States Code,~~
 12 ~~is amended to read as follows:~~

13 **~~“§ 3601. Administration~~**

14 ~~“(a) The Chairman of the Postal Rate Commission~~
 15 ~~shall be the principal executive officer of the Commission.~~
 16 ~~The Chairman shall exercise or direct the exercise of all the~~
 17 ~~executive and administrative functions of the Commission,~~
 18 ~~including functions of the Commission with respect to (1)~~
 19 ~~the appointment and supervision of personnel employed~~
 20 ~~under the Commission, (2) the distribution of business among~~
 21 ~~such personnel, and among the Commissioners, and (3) the~~
 22 ~~use and expenditure of funds.~~

23 ~~“(b) In carrying out any of his functions under this~~
 24 ~~section, the Chairman shall be governed by the general~~
 25 ~~policies of the Commission.~~

1 ~~“(c) The Chairman may obtain such facilities and sup-~~
 2 ~~plies as may be necessary to permit the Commission to carry~~
 3 ~~out its functions. Any officer or employee appointed under~~
 4 ~~this section shall be paid at rates of compensation, and shall~~
 5 ~~be entitled to programs offering employee benefits, estab-~~
 6 ~~lished under chapter 10 or chapter 12 of this title, as~~
 7 ~~appropriate.~~

8 ~~“(d) (1) Except as provided by paragraph (2), the~~
 9 ~~provisions of section 410 and chapter 10 of this title shall~~
 10 ~~apply to the Commission, as appropriate.~~

11 ~~“(2) The provisions of the Budget and Accounting Act,~~
 12 ~~1921, relating to the preparation and presentation of budgets,~~
 13 ~~and the provisions of any other Federal law relating to the~~
 14 ~~preparation and presentation of budgets, shall apply to the~~
 15 ~~Commission.”.~~

16 ~~SEC. 5. Section 3624 of title 39, United States Code,~~
 17 ~~as amended by section 7 (a) of this Act, is amended by~~
 18 ~~adding at the end thereof the following new subsection:~~

19 ~~“(c) Any final action of the Commission under section~~
 20 ~~3622, 3623, 3661, or 3662 of this title shall be made by a~~
 21 ~~vote of a majority of the Commissioners in office.”.~~

22 ~~SEC. 6. (a) Section 3624 (a) of title 39, United States~~
 23 ~~Code, is amended to read as follows:~~

24 ~~“(a) The Postal Rate Commission shall promptly con-~~
 25 ~~sider any request made by the Postal Service under section~~

~~1 3622 or section 3623 of this title. In the course of such con-~~
~~2 sideration, the Commission shall hold hearings and give~~
~~3 reasonable public notice thereof, and shall afford reasonable~~
~~4 opportunity for the Postal Service, users of the mails, and an~~
~~5 officer of the Commission who shall be required to represent~~
~~6 the interests of the general public, to be present, and to~~
~~7 present data and arguments, at any such hearing.”.~~

~~8 (b) Section 3628 of title 39, United States Code, is~~
~~9 amended by inserting immediately after the second sentence~~
~~10 the following new sentence: “The standard of review es-~~
~~11 tablished by section 706(2) (A) of title 5 shall apply with~~
~~12 respect to any review made by the court under this section.”.~~

~~13 (c) The first sentence of section 3661(c) of title 39,~~
~~14 United States Code, is amended to read as follows: “The~~
~~15 Commission shall not issue its opinion on any proposal until~~
~~16 an opportunity for a hearing is accorded interested parties,~~
~~17 reasonable public notice is given thereof, and a reasonable~~
~~18 opportunity is afforded interested parties, including an officer~~
~~19 of the Commission who shall be required to represent the~~
~~20 interests of the general public, to be present, and to present~~
~~21 data and arguments, at any such hearing.”.~~

~~22 (d) Section 3661 of title 39, United States Code, is~~
~~23 amended by adding at the end thereof the following new~~
~~24 subsection:-~~

~~25 “(d) For purposes of this section, the term ‘change~~

1 ~~in the nature of postal services' means any change or altera-~~
 2 ~~tion in the type, quality, terms, or conditions of providing~~
 3 ~~for the receipt, transmission, or delivery of mail matter of~~
 4 ~~any type."~~

5 ~~(c) The amendments made by the foregoing provisions~~
 6 ~~of this section shall not affect any proceedings pending~~
 7 ~~before the Postal Rate Commission on the date of the~~
 8 ~~enactment of this Act. Orders shall be issued in such pro-~~
 9 ~~ceedings and appeals shall be taken from such proceedings~~
 10 ~~as if the amendments made by the foregoing provisions of~~
 11 ~~this section had not been enacted. Orders issued in any such~~
 12 ~~proceedings shall continue in effect until modified, terminated,~~
 13 ~~superseded, or repealed, through any action taken under~~
 14 ~~title 39, United States Code, through action taken by a court~~
 15 ~~of competent jurisdiction, or by operation of law.~~

16 ~~SEC. 7 (a) Section 3624 of title 39, United States~~
 17 ~~Code, is amended by redesignating subsection (c) as sub-~~
 18 ~~section (d) and by inserting immediately after subsection~~
 19 ~~(b) the following new subsection:~~

20 ~~"(c) (1) Except as provided by paragraph (2) of this~~
 21 ~~subsection, in any case in which the Postal Service makes a~~
 22 ~~request under section 3622 of this title for a recommended~~
 23 ~~decision by the Commission on changes in a rate or rates of~~
 24 ~~postage or in a fee or fees for postal services, or a request~~

1 ~~under section 3623 (b) of this title for a recommended deci-~~
 2 ~~sion by the Commission on changes in the mail classification~~
 3 ~~schedule, the Commission shall transmit its recommended~~
 4 ~~decision to the Governors under subsection (d) of this sec-~~
 5 ~~tion no later than 10 months after receiving any such request~~
 6 ~~from the Postal Service.~~

7 “(2) In any case in which the Commission determines
 8 ~~that the Postal Service has unreasonably delayed considera-~~
 9 ~~tion of a request made by the Postal Service under section~~
 10 ~~3622 or section 3623 (b) by failing to respond within a~~
 11 ~~reasonable time to any lawful order of the Commission, the~~
 12 ~~Commission may extend the 10-month period described in~~
 13 ~~paragraph (1) of this subsection by one day for each day~~
 14 ~~of such delay.”~~

15 “(b) The amendment made by subsection (a) shall not
 16 ~~apply to any action or proceeding with respect to (1) the~~
 17 ~~recommended decision of the Postal Rate Commission relat-~~
 18 ~~ing to proposed changes in rates of postage, and in fees for~~
 19 ~~postal services, requested on September 18, 1975, by the~~
 20 ~~United States Postal Service in a request bearing Postal Rate~~
 21 ~~Commission Docket Number R76-1; or (2) the recom-~~
 22 ~~mended decision of the Commission relating to the proposed~~
 23 ~~establishment of a mail classification schedule made on Jan-~~
 24 ~~uary 18, 1973, by the Postal Service in a request bearing~~
 25 ~~Postal Rate Commission Docket Number M673-1.~~

1 ~~SEC. 8. (a) Section 3641 of title 39, United States Code,~~
 2 ~~is amended to read as follows:~~

3 **~~"§ 3641. Temporary changes in rates and classes~~**

4 ~~"(a) In any case in which the Postal Rate Commission~~
 5 ~~fails to transmit a recommended decision on a change in rates~~
 6 ~~of postage or in fees for postal services, or on a change in the~~
 7 ~~mail classification schedule, to the Governors in accordance~~
 8 ~~with section 3624 (c) of this title, the Postal Service may~~
 9 ~~establish temporary changes in rates of postage, in fees for~~
 10 ~~postal services, or in the mail classification schedule, in ac-~~
 11 ~~cordance with the provisions of this section. Such temporary~~
 12 ~~changes may take effect upon such date as the Postal Service~~
 13 ~~may determine, except that such temporary changes may~~
 14 ~~take effect only after 10 days' notice in the Federal Register.~~

15 ~~"(b) Any temporary rate or fee established by the Pos-~~
 16 ~~tal Service under subsection (a) of this section shall be in~~
 17 ~~accordance with the policies of this title and shall not exceed~~
 18 ~~such amount as may be necessary for sufficient revenues to~~
 19 ~~assure that the total estimated income, including appropria-~~
 20 ~~tions, of the Postal Service shall, to the extent practicable, be~~
 21 ~~equal to the total estimated costs of the Postal Service.~~

22 ~~"(c) The Postal Service may not establish any tempo-~~
 23 ~~rary rate for a class of mail or any temporary fee for a postal~~
 24 ~~service which is more than the permanent rate or fee re-~~

1 requested for such class or postal service by the Postal Service
2 under section 3622 of this title.

3 “(d) Any temporary change in rates of postage, in fees
4 for postal services, or in the mail classification schedule made
5 by the Postal Service under this section shall remain in effect
6 no longer than 150 days after the date upon which the Com-
7 mission transmits its recommended decision to the Governors
8 under section 3624 (d) of this title, unless such temporary
9 change is terminated by the Governors before the expiration
10 of such period.”.

11 “(b) (1) The amendment made by subsection (a) of this
12 section shall not apply to any action or proceeding with
13 respect to (A) the recommended decision of the Postal Rate
14 Commission relating to proposed changes in rates of postage,
15 and in fees for postal services, requested on September 18,
16 1975, by the United States Postal Service in a request bear-
17 ing Postal Rate Commission Docket Number R76-1; or (B)
18 the recommended decision of the Commission relating to the
19 proposed establishment of a mail classification schedule re-
20 quested on January 18, 1973, by the Postal Service in a
21 request bearing Postal Rate Commission Docket Number
22 MC73-1.

23 “(2) The provisions of section 3641 of title 39, United
24 States Code, as such provisions were in effect on the day
25 before the date of the enactment of this Act, shall apply

~~1 to any temporary rate or fee established by the Postal~~
~~2 Service pursuant to its request to the Postal Rate Com-~~
~~3 mission, dated September 18, 1975, for a recommended~~
~~4 decision, bearing Docket Number R76-1, except that such~~
~~5 temporary rate or fee may not exceed the lesser of (A)~~
~~6 the rate or fee requested for such class or service; or (B)~~
~~7 a rate or fee which is more than one-fifth greater than the~~
~~8 permanent rate or fee in effect for that class or service at~~
~~9 the time a permanent change in the rate or fee of such~~
~~10 class or service was requested under section 3622 of title~~
~~11 39, United States Code, by the Postal Service in its request~~
~~12 bearing Docket Number R76-1.~~

~~13 SEC. 9. Section 3622 (b) of title 39, United States Code,~~
~~14 is amended by striking out "and" at the end of paragraph~~
~~15 (7), by redesignating paragraph (8) as paragraph (9), and~~
~~16 by inserting immediately after paragraph (7) the following~~
~~17 new paragraph:~~

~~18 "(8) the educational, cultural, scientific, and infor-~~
~~19 mational value to the recipient of mail matter; and".~~

~~20 SEC. 10. Section 3626 of title 39, United States Code,~~
~~21 is amended by inserting "(a)" immediately before "If the~~
~~22 rates" and by adding at the end thereof the following new~~
~~23 subsections:~~

~~24 "(b) (1) For the purposes of this title, the term 'period-~~
~~25 ical publications', as used in former section 4351 of this title,~~

1 ~~includes (A) any catalog or other course listing, including~~
 2 ~~mail announcements of legal texts which are part of post-bar~~
 3 ~~admission education issued by any institution of higher edu-~~
 4 ~~cation or by a nonprofit organization engaged in continuing~~
 5 ~~legal education; and (B) any looseleaf page or report (in-~~
 6 ~~cluding any index, instruction for filing, table, or sectional~~
 7 ~~identifier which is an integral part of such report) which is~~
 8 ~~designed as a part of a looseleaf reporting service concerning~~
 9 ~~developments in the law or public policy.~~

10 ~~“(2) Any material described in paragraph (1) of this~~
 11 ~~subsection shall qualify to be entered and mailed as second~~
 12 ~~class mail in accordance with the applicable provisions of~~
 13 ~~former section 4352 through former section 4357 of this title.~~

14 ~~“(3) For purposes of this subsection, the term ‘institu-~~
 15 ~~tion of higher education’ has the meaning given it by section~~
 16 ~~4201 (a) of the Higher Education Act of 1965 (20 U.S.C.~~
 17 ~~1141 (a)).~~

18 ~~“(c) In the administration of this section a committee~~
 19 ~~qualified for tax credit contributions under section 41 (c) (1)~~
 20 ~~(C) and (D) of the Internal Revenue Code shall be con-~~
 21 ~~sidered a qualified nonprofit organization under former~~
 22 ~~sections 4452 (d) and 4358 (j) (2) of this title.~~

23 ~~“(d) In the administration of this section, one conserva-~~
 24 ~~tion publication published by an agency of a State which is~~
 25 ~~responsible for management and conservation of the fish or~~

1 ~~wildlife resources of such State shall be considered a publica-~~
 2 ~~tion of a qualified nonprofit organization which qualifies~~
 3 ~~for rates of postage under former section 4358 (d) of this~~
 4 ~~title.—~~

5 ~~“(c) (1) For purposes of this title, the term ‘agricul-~~
 6 ~~tural’, as used in former sections 4358 (j) (2), 4452 (d),~~
 7 ~~and 4554 (b) (1) (B) of this title, includes the art or~~
 8 ~~science of cultivating land, harvesting crops or marine~~
 9 ~~resources, or raising of livestock.~~

10 ~~“(2) In the administration of this section, and for pur-~~
 11 ~~poses of former sections 4358 (j) (2), 4452 (d), and 4554~~
 12 ~~(b) (1) (B) of this title, agricultural organizations or asso-~~
 13 ~~ciations shall include any organization or association which~~
 14 ~~collects and disseminates information or materials relating to~~
 15 ~~agricultural pursuits.”.~~

16 ~~SIC. 11. (a) Chapter 4 of title 39, United States Code,~~
 17 ~~is amended by adding at the end thereof the following new~~
 18 ~~section:~~

19 ~~“§ 413. Reporting requirements~~

20 ~~“(a) The Postal Service shall keep the Postal Rate~~
 21 ~~Commission fully and currently informed with respect to~~
 22 ~~the operation of the Postal Service. The Postal Service shall~~
 23 ~~furnish to the Commission information with respect to—~~

24 ~~“(1) internal Postal Service management matters:~~

25 ~~“(2) plans and policies of the Postal Service with~~

1 ~~respect to proposed changes in the nature of postal serv-~~
 2 ~~ices; and~~

3 ~~“(3) evaluations undertaken by or at the direction~~
 4 ~~of the Postal Service with respect to the operation of~~
 5 ~~the Postal Service.~~

6 ~~“(b) The Postal Service shall furnish to the Postal~~
 7 ~~Rate Commission any information which the Commission~~
 8 ~~considers necessary or appropriate for the effective evalua-~~
 9 ~~tion of the operation of the Postal Service.”.~~

10 ~~“(b) The table of sections for chapter 4 of title 39,~~
 11 ~~United States Code, is amended by adding at the end thereof~~
 12 ~~the following new item:~~

~~“412. Reporting requirements.”.~~

13 ~~SEC. 12. (a) Subchapter I of chapter 36 of title 39,~~
 14 ~~United States Code, is amended by adding at the end thereof~~
 15 ~~the following new section:~~

16 ~~“§ 3605. Review and hearings~~

17 ~~“(a) The Postal Rate Commission shall have the au-~~
 18 ~~thority to initiate reviews and hearings with respect to the~~
 19 ~~activities of the Board of Governors and the Postal Service~~
 20 ~~under this chapter.~~

21 ~~“(b) Any hearing initiated by the Postal Rate Commis-~~
 22 ~~sion under this section shall be in accordance with section~~
 23 ~~3624 (a) of this title.~~

24 ~~“(c) (1) The Postal Rate Commission may issue sub-~~

1 ~~penas, signed by the Chairman of the Commission, to compel~~
 2 ~~the production of evidence and the testimony of witnesses~~
 3 ~~with respect to any hearing held by the Commission under~~
 4 ~~this chapter.~~

5 ~~“(2) Any appropriate district court of the United~~
 6 ~~States may, upon petition by the Commission, in case of re-~~
 7 ~~fusal to obey a subpoena of the Commission issued under~~
 8 ~~this subsection, issue an order requiring compliance with~~
 9 ~~such subpoena. Any failure to obey such order may be pun-~~
 10 ~~ished by such district court as a contempt thereof.”~~

11 ~~“(b) The table of sections for subchapter I of chapter~~
 12 ~~26 of title 39, United States Code, is amended by adding~~
 13 ~~at the end thereof the following new item:-~~

~~“3605. Review and hearings.”~~

14 ~~Sec. 13. Section 3683 of title 39, United States Code,~~
 15 ~~is amended by inserting “(a)” immediately before “Notwith-~~
 16 ~~standing any other provision” and by adding at the end~~
 17 ~~thereof the following new subsection:-~~

18 ~~“(b) The rates for mail matter specified in former sec-~~
 19 ~~tion 4554 (a) (1) or 4554 (b) (2) (A) of this title, when~~
 20 ~~mailed from a publisher or a distributor to a school, college,~~
 21 ~~university, or library, shall be the rate currently in effect for~~
 22 ~~such mail matter under the provisions of former section~~
 23 ~~4554 (b) (1) of this title.”~~

24 ~~Sec. 14. (a) (1) There is hereby established the Com-~~

1 ~~mission on Postal Service (hereinafter in this section referred~~
 2 ~~to as the "Commission"). The Commission shall be composed~~
 3 ~~of five members, to be selected as follows:~~

4 ~~(A) two appointed by the President of the United~~
 5 ~~States, of whom one shall be appointed as Chairman;~~

6 ~~(B) one appointed by the President pro tempore of~~
 7 ~~the Senate;~~

8 ~~(C) one appointed by the Speaker of the House of~~
 9 ~~Representatives; and~~

10 ~~(D) one appointed by the Postmaster General.~~

11 ~~(2) The members of the Commission shall be appointed~~
 12 ~~within 30 days following the date of the enactment of this~~
 13 ~~Act.~~

14 ~~(3) Any vacancy in the Commission shall not affect its~~
 15 ~~powers, but shall be filled in the same manner as the original~~
 16 ~~appointment.~~

17 ~~—(b) (1) The Commission shall identify and study the~~
 18 ~~public service aspects of the United States Postal Service and~~
 19 ~~shall recommend to what extent and by what means such~~
 20 ~~aspects may be defined and costs thereof reasonably esti-~~
 21 ~~mated. The Commission shall also identify, insofar as prac-~~
 22 ~~ticable, any difference between—~~

23 ~~(A) the costs that the Postal Service should reason-~~
 24 ~~ably be expected to incur in providing postal services in~~

~~accordance with the policies of title 39, United States Code; and~~

~~(B) the revenues that the Postal Service may reasonably be expected to receive from rates and fees for postal services, with due consideration that demands for postal services may be reflected by changes in the levels of such rates and fees.~~

~~(2) The Commission shall determine the extent to which the public service aspects of the Postal Service shall be supported by appropriations. The Commission shall recommend such a plan with due consideration being given to—~~

~~(A) the economic and social benefits of the postal system to the user and recipient of the mail;~~

~~(B) the relative economic ability of the users of various classes of mail to absorb the costs of the postal system;~~

~~(C) the extent to which the costs of maintaining a system which would provide a reasonable degree of regular postal services to the entire public without regard to individual usage, and the degree to which such costs should be borne by the public generally rather than by mail users in particular;~~

1 ~~(D) the relative economic and social benefits of~~
 2 ~~other uses of private and public funds; and~~

3 ~~(E) the need of the Postal Service for adequate and~~
 4 ~~dependable funding and for systematic planning and~~
 5 ~~ratemaking to provide efficient and economical postal~~
 6 ~~services in accordance with the policies of title 39, United~~
 7 ~~States Code.~~

8 ~~(c) (1) The Commission shall study the ratemaking~~
 9 ~~procedures established under title 39, United States Code,~~
 10 ~~particularly the functions and responsibilities of the Postal~~
 11 ~~Rate Commission, and shall develop recommendations for~~
 12 ~~more expeditious and economical procedures that are respon-~~
 13 ~~sive to the needs of the Postal Service and the public. If the~~
 14 ~~Commission recommends the abolition of the Postal Rate~~
 15 ~~Commission, the Commission shall further recommend a~~
 16 ~~method of assuring that changes in postal rates shall be~~
 17 ~~reviewed independently outside the Postal Service. The~~
 18 ~~Commission shall consider a system in which changes in~~
 19 ~~postal rates shall not exceed changes in consumer prices~~
 20 ~~unless greater changes are approved by a body independent~~
 21 ~~of the Postal Service.~~

22 ~~(2) In reviewing postal ratemaking procedures pursuant~~
 23 ~~to paragraph (1) of this subsection, the Commission shall~~
 24 ~~study the reasonableness and adequacy of the ratemaking~~
 25 ~~criteria established by section 3622 (b) of title 39, United~~

~~1 States Code. The study shall address the desirability of a
2 statutory requirement for cost attributions to particular classes
3 of mail or types of mail service.~~

~~4 (d) The Commission shall study the causes of the in-
5 creases in postal costs that have occurred since the enact-
6 ment of the Postal Reorganization Act. The Commission
7 shall consider and report on the desirability of instituting
8 additional statutory or administrative systems for reviewing
9 and controlling postal costs or of changing the system cur-
10 rently established under title 39, United States Code.~~

~~11 (c) (1) For purposes of carrying out its functions under
12 this section, the Commission may sit and act at such times
13 and places and receive such evidence and testimony as it con-
14 siders advisable.~~

~~15 (2) The Commission may secure directly from any de-
16 partment or agency of the United States information and as-
17 sistance necessary to carry out its duties under this section.
18 Each department or agency is authorized and directed, to the
19 extent permitted by law and within the limits of available
20 funds, to furnish information and assistance to the Commi-
21 sion.~~

~~22 (3) When so authorized by the Commission, any mem-
23 ber or agent of the Commission may take any action which
24 the Commission is authorized to take by this section.~~

~~25 (4) All meetings, hearings, conferences, or other pro-~~

1 ~~ceedings of the Commission shall be open to the chairmen~~
 2 ~~of the appropriate committees of the Congress or their~~
 3 ~~designees and reasonable notice of such meetings or hearings~~
 4 ~~shall be given to such chairmen or their designees.~~

5 ~~(f) (1) Except as provided in paragraph (2), members~~
 6 ~~of the Commission each shall receive as compensation the~~
 7 ~~daily equivalent of the annual rate of basic pay in effect for~~
 8 ~~grade GS-18 for each day (including traveltime) during~~
 9 ~~which they are engaged in the actual performance of duties~~
 10 ~~vested in the Commission.~~

11 ~~(2) Members of the Commission who are full-time of-~~
 12 ~~ficers or employees of the United States shall receive no~~
 13 ~~additional pay on account of their service on the Commission.~~

14 ~~(3) While away from their homes or regular places of~~
 15 ~~business in the performance of service for the Commission,~~
 16 ~~members of the Commission shall be allowed travel expenses,~~
 17 ~~including per diem in lieu of subsistence, in the same manner~~
 18 ~~as persons employed intermittently in the Government service~~
 19 ~~are allowed expenses under section 5703 (b) of title 5, United~~
 20 ~~States Code.~~

21 ~~(g) The Commission may appoint and fix the compen-~~
 22 ~~sation of such personnel as it considers advisable without~~
 23 ~~regard to the provisions of title 5, United States Code, gov-~~
 24 ~~erning appointments in the competitive service, and such~~
 25 ~~personnel may be paid without regard to the provisions of~~

1 ~~chapter 51 and subchapter III of chapter 53 of such title~~
 2 ~~relating to classification and General Schedule pay rates,~~
 3 ~~but at a rate not to exceed the maximum rate authorized by~~
 4 ~~the General Schedule. The Commission may procure the~~
 5 ~~services of experts and consultants in accordance with sec-~~
 6 ~~tion 3109 of title 5, United States Code, but at rates for~~
 7 ~~individuals not to exceed the daily equivalent of the annual~~
 8 ~~rate of basic pay in effect for the maximum rate authorized~~
 9 ~~by the General Schedule.~~

10 ~~(h) (1) The Commission shall transmit to the President~~
 11 ~~and to each House of the Congress detailed interim progress~~
 12 ~~reports four times annually, and a final report containing a~~
 13 ~~detailed statement of its findings and recommendations, to-~~
 14 ~~gether with any individual views, within two years after~~
 15 ~~the date of the enactment of this Act.~~

16 ~~(2) The Commission shall not be required to obtain~~
 17 ~~the clearance of any Federal agency before the transmittal~~
 18 ~~of its report.~~

19 ~~(i) The Commission shall cease to exist sixty days after~~
 20 ~~the transmission of its report under subsection (h) and all~~
 21 ~~offices and employment under it shall then expire.~~

22 ~~(j) There is authorized to be appropriated to the Postal~~
 23 ~~Service Fund established under section 2003 of title 39,~~
 24 ~~United States Code, without fiscal year limitation, such~~
 25 ~~sums as may be necessary to carry out the provisions of~~

1 ~~this section. Expenses incurred by the Commission shall be~~
 2 ~~paid out of the Postal Service Fund.~~

3 ~~SEC. 15. (a) Chapter 6 of title 39, United States Code,~~
 4 ~~is amended by adding at the end thereof the following new~~
 5 ~~section:~~

6 ~~“§ 607. Delivery of mail by nonprofit organizations—~~

7 ~~“(a) Notwithstanding section 1725 of title 18, any~~
 8 ~~member of a private nonprofit organization (other than a~~
 9 ~~political committee) may deposit any mailable matter~~
 10 ~~relating to the activities or functions of such organization~~
 11 ~~in any letterbox, if (1) such member engages in such~~
 12 ~~activity on a voluntary basis without reimbursement from~~
 13 ~~such organization; and (2) such organization has obtained~~
 14 ~~written approval to engage in such activity from the post-~~
 15 ~~master for the district in which such activity is to be~~
 16 ~~conducted.~~

17 ~~“(b) Any mailable matter which is deposited in accord-~~
 18 ~~ance with subsection (a) may be deposited without the pay-~~
 19 ~~ment of any postage on such mailable matter.~~

20 ~~“(c) For purposes of this section—~~

21 ~~“(1) the term ‘letterbox’ means any letterbox estab-~~
 22 ~~lished, approved, or accepted by the Postal Service for~~
 23 ~~the receipt or delivery of mail matter on any mail route,~~
 24 ~~except that such term shall not include any unit of 10 or~~
 25 ~~more letterboxes situated at the same location;~~

~~“(2) the term ‘mailable matter’ means any matter which—~~

~~“(A) is not less than 3 inches nor more than 9 inches in height;~~

~~“(B) is not less than $4\frac{1}{4}$ inches nor more than 12 inches in length;~~

~~“(C) is rectangular in shape;~~

~~“(D) has a ratio of height to length which is not less than 1 to 1.414 (1 to the square root of 2);~~

~~“(3) the term ‘political committee’ has the meaning given it by section 301 (d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 (d)); and~~

~~“(4) the term ‘private nonprofit organization’ means any organization no part of the net earnings or income of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.”.~~

~~(b) The table of sections for chapter 6 of title 39, United States Code, is amended by adding at the end thereof the following new item:~~

~~“607. Delivery of mail by nonprofit organizations.”.~~

~~(c) Section 1725 of title 18, United States Code, is amended by striking out “Whoever” and inserting in lieu thereof “Except as provided by section 607 of title 39, whoever”.~~

1 ~~SEC. 16. (a) Section 203 of title 39, United States~~
 2 ~~Code, is amended to read as follows:~~

3 ~~“§ 203. Postmaster General; Deputy Postmaster General~~

4 ~~“(a) The chief executive officer of the Postal Service is~~
 5 ~~the Postmaster General appointed by the President by and~~
 6 ~~with the advice and consent of the Senate. His pay shall be~~
 7 ~~fixed by the Governors.~~

8 ~~“(b) The alternate chief executive officer of the Postal~~
 9 ~~Service is the Deputy Postmaster General appointed by the~~
 10 ~~President by and with the advice and consent of the Senate.~~
 11 ~~His pay shall be fixed by the Governors.”.~~

12 ~~(b) Subsection (c) of section 202 of title 39, United~~
 13 ~~States Code, is amended to read as follows:~~

14 ~~“(c) The Postmaster General and the Deputy Post-~~
 15 ~~master General each shall be voting members of the Board.”.~~

16 ~~(c) Subsection (d) of section 202 of title 39, United~~
 17 ~~States Code, is repealed.~~

18 ~~(d) Subsection (c) of section 205 of title 39, United~~
 19 ~~States Code, is amended to read as follows:~~

20 ~~“(c) The Board shall act upon majority vote of those~~
 21 ~~members who are present, and any 6 members shall consti-~~
 22 ~~tute a quorum for the transaction of business by the Board~~
 23 ~~except as otherwise provided in this title.”.~~

1 ~~(c) The first parenthetical phrase in the first sentence~~
 2 ~~of subsection (a) of section 1002 of title 39, United States~~
 3 ~~Code, is amended to read as follows: "(except a Governor,~~
 4 ~~a member of the Postal Rate Commission, the Postmaster~~
 5 ~~General, or the Deputy Postmaster General)".~~

6 *That this Act may be cited as the "Postal Reorganization*
 7 *Act Amendments of 1976".*

8 *SEC. 2. (a) Section 2401(b) of title 39, United States*
 9 *Code, is amended by striking out paragraph (3).*

10 *(b) Section 2401 of title 39, United States Code, is*
 11 *amended by adding at the end thereof the following new*
 12 *subsections:*

13 *"(d)(1) There is authorized to be appropriated to the*
 14 *Postal Service the amount of \$500,000,000 to be applied*
 15 *against the accumulated operating indebtedness of the Postal*
 16 *Service as of September 30, 1976.*

17 *"(2) There is authorized to be appropriated to the Postal*
 18 *Service the amount of \$500,000,000 to be applied against the*
 19 *accumulated operating indebtedness of the Postal Service as*
 20 *of September 30, 1977.*

21 *"(e) During the period beginning on the date of the*
 22 *appropriation of the funds under subsection (d)(1) and*
 23 *ending on the date on which the Commission on Postal*
 24 *Service is required to transmit the final report required*

1 *under section 7(f)(1) of the Postal Reorganization Act*
2 *Amendments of 1976 to the President and each House of*
3 *Congress, the Postal Service shall not—*

4 “(1) *have in effect any permanent or temporary*
5 *rate of postage or fee for postal services exceeding the*
6 *rates and fees in effect on the date of enactment of the*
7 *Postal Reorganization Act Amendments of 1976;*

8 “(2) *provide levels and types of postal services*
9 *which are less than the levels and types of services*
10 *provided on July 1, 1976;*

11 “(3) *close any post office where 35 or more families*
12 *regularly receive their mail and which was providing*
13 *service on July 1, 1976; or*

14 “(4) *close any post office where fewer than 35*
15 *families receive their mail and which was providing*
16 *service on July 1, 1976, unless the Postal Service receives*
17 *the written consent of at least 60 percent of the regular*
18 *patrons of such office who are at least 18 years of age.*

19 “(f) *During the period beginning on the date of the*
20 *appropriation of the funds under subsection (d)(1) and*
21 *ending on the date on which the Commission on Postal*
22 *Service is required to transmit the final report required*
23 *under section 7(f)(1) of the Postal Reorganization Act*
24 *Amendments of 1976 to the President and each House of*
25 *Congress, the Postal Service shall provide door delivery or*

1 curblime delivery to all permanent residential addresses (other
 2 than apartment building addresses) to which service is begun
 3 on or after the date of enactment of the Postal Reorganization
 4 Act Amendments of 1976,

5 “(g) In requesting amounts to be appropriated under
 6 this section, the Postal Service shall present to the Commit-
 7 tees on Post Office and Civil Service and the Committees
 8 on Appropriations of the Senate and the House of Rep-
 9 resentatives sufficient copies of the budget of the Postal Serv-
 10 ice for the fiscal year for which funds are requested to be
 11 appropriated, and a comprehensive statement relating to
 12 the following matters:

13 “(1) the plans, policies, and procedures of the
 14 Postal Service designed to comply with all of the pro-
 15 visions of section 101 of this title;

16 “(2) postal operations generally, including data on
 17 the speed and reliability of service provided for the
 18 various classes of mail and types of mail service, mail
 19 volume, productivity, trends in postal operations, and
 20 analyses of the impact of internal and external factors
 21 upon the Postal Service;

22 “(3) estimates of the total expenditures and obliga-
 23 tions incurred or to be incurred by the Postal Service
 24 for the most recent fiscal year for which information is
 25 available and for the fiscal year for which funds are

1 requested to be appropriated, and the means by which
2 these estimated expenses will be financed; and

3 “(4) such other matters as the committees may de-
4 termine necessary to insure that the Congress is fully and
5 currently consulted and informed on postal operations,
6 plans, and policies.

7 “(h) The Postal Service shall request an opportunity
8 to appear before the Post Office and Civil Service Committees
9 of the Senate and the House of Representatives to present
10 testimony and respond to questions with respect to such
11 budget and statement. Upon receipt of such request, each
12 such committee shall take such action as it considers appro-
13 priate and shall advise the Postal Service of such action.

14 “(i) The failure of the President to request the appro-
15 priation of any part of the funds authorized by this section
16 may not be deemed a failure of appropriations. The failure
17 of the President to request the appropriation of any part of
18 the funds authorized by this section shall not relieve the
19 Postal Service from the responsibility to comply with the
20 provisions of subsections (e), (f), and (g) of this section.

21 “(j) The rates established under chapter 36 of this title
22 for zone-rated parcels formerly entered under former chap-
23 ter 67 of this title shall not be more than 10 percent less than
24 the rates for such mail would be if the funds authorized under
25 subsection (d) of this section were not appropriated.”.

1 (c) Section 2003 of title 39, United States Code, is
 2 amended by adding at the end thereof the following new
 3 subsection:

4 “(f) Notwithstanding any other provision of this section,
 5 any amounts appropriated to the Postal Service under sub-
 6 section (d) of section 2401 of this title and deposited into the
 7 Fund shall be expended by the Postal Service only for
 8 the purposes provided in such subsection.”.

9 SEC. 3. (a) Section 3601 of title 39, United States
 10 Code, is amended to read as follows:

11 “§ 3601. *Establishment.*

12 “(a) The Postal Rate Commission is an independent
 13 establishment of the executive branch of the Government of
 14 the United States. The Commission is composed of 5 Com-
 15 missioners, appointed by the President, by and with the
 16 advice and consent of the Senate. The Commissioners shall
 17 be chosen on the basis of their professional qualifications and
 18 may be removed by the President only for cause. Not more
 19 than 3 of the Commissioners may be adherents of the same
 20 political party.

21 “(b) A Commissioner may continue to serve after the
 22 expiration of his term until his successor has qualified, except
 23 that a Commissioner may not so continue to serve for more
 24 than 1 year after the date upon which his term otherwise
 25 would expire under section 3602 of this title.

1 “(c) One of the Commissioners shall be designated as
2 Chairman by, and shall serve in the position of Chairman at
3 the pleasure of, the President.

4 “(d) The Commissioners shall by majority vote design-
5 ate a Vice Chairman of the Commission. The Vice Chair-
6 man shall act as Chairman of the Commission in the absence
7 of the Chairman.”.

8 (b) The provisions of section 3601(a) of title 39,
9 United States Code, as amended by subsection (a) of this
10 section, shall not apply with respect to any Commissioner of
11 the Postal Rate Commission holding office on the date of the
12 enactment of this Act, except that such provisions shall
13 apply to any appointment of such a Commissioner occurring
14 after the date of the enactment of this Act.

15 SEC. 4. Section 3604 of title 39, United States Code, is
16 amended to read as follows:

17 “§ 3604. Administration.

18 “(a) The Chairman of the Postal Rate Commission
19 shall be the principal executive officer of the Commission.
20 The Chairman shall exercise or direct the exercise of all the
21 executive and administrative functions of the Commission,
22 including functions of the Commission with respect to (1)
23 the appointment of personnel employed under the Commis-
24 sion, except that the appointment of the heads of major
25 administrative units under the Commission shall require the

1 approval of a majority of the members of the Commission,
 2 (2) the supervision of the personnel employed under the
 3 Commission and the distribution of business among them and
 4 among the Commissioners, and (3) the use and expenditure
 5 of funds.

6 “(b) In carrying out any of his functions under this
 7 section, the Chairman shall be governed by the general poli-
 8 cies of the Commission.

9 “(c) The Chairman may obtain such facilities and sup-
 10 plies as may be necessary to permit the Commission to carry
 11 out its functions. Any officer or employee appointed under
 12 this section shall be paid at rates of compensation and shall
 13 be entitled to programs offering employee benefits established
 14 under chapter 10 or chapter 12 of this title, as appropriate.

15 “(d)(1) The Commission shall periodically prepare
 16 and submit to the Postal Service a budget of the Commis-
 17 sion's expenses, including, but not limited to, expenses for
 18 facilities, supplies, compensaton, and employee benefits. The
 19 budget shall be considered approved—

20 “(A) as submitted if the Governors fail to act in
 21 accordance with subparagraph (B) of this paragraph:
 22 or

23 “(B) as adjusted if the Governors holding office,
 24 by unanimous written decision, adjust the total amount
 25 of money requested in the budget.

1 subparagraph (B) shall not be construed to authorize the
2 Governors to adjust any item included within the budget.

3 “(2) Expenses incurred under any budget approved
4 under paragraph (1) of this subsection shall be paid out
5 of the Postal Service Fund established under section 2003
6 of this title.

7 “(e) The provisions of section 410 and chapter 10 of
8 this title shall apply to the Commission, as appropriate.”.

9 SEC. 5. (a) Section 3624 of title 39, United States Code,
10 is amended by redesignating subsection (c) as subsection
11 (d) and by inserting immediately after subsection (b) the
12 following new subsection:

13 “(c)(1) Except as provided by paragraph (2) of this
14 subsection, in any case in which the Postal Service makes a
15 request under section 3622 of this title for a recommended
16 decision by the Commission on changes in a rate or rates of
17 postage or in a fee or fees for postal services the Commission
18 shall transmit its recommended decision to the Governors
19 under subsection (d) of this section no later than 10 months
20 after receiving any such request from the Postal Service.

21 “(2) In any case in which the Commission determines
22 that the Postal Service has unreasonably delayed considera-
23 tion of a request made by the Postal Service under section
24 3622 by failing to respond within a reasonable time to any
25 lawful order of the Commission, the Commission may extend

1 the 10-month period described in paragraph (1) of this
2 subsection by one day for each day of such delay.”.

3 (b) The amendment made by subsection (a) shall not
4 apply to any action or proceeding with respect to the recom-
5 mended decision of the Postal Rate Commission relating to
6 proposed changes in rates of postage, and in fees for postal
7 services, requested on September 18, 1975, by the United
8 States Postal Service in a request which bears or which at
9 any time has been included under Postal Rate Commission
10 Docket Number R76-1.

11 SEC. 6. (a) Section 3641 of title 39, United States
12 Code, is amended to read as follows:

13 “§ 3641. Temporary changes in rates and classes.

14 “(a) In any case in which the Postal Rate Commission
15 fails to transmit a recommended decision on a change in rates
16 of postage or in fees for postal services to the Governors in
17 accordance with section 3624(c) of this title, the Postal Serv-
18 ice may establish temporary changes in rates of postage and
19 in fees for postal services in accordance with the proposed
20 changes under consideration by the Commission. Such tem-
21 porary changes may take effect upon such date as the Postal
22 Service may determine, except that such temporary changes
23 may take effect only after 10 days’ notice in the Federal
24 Register.

25 “(b) Any temporary rate or fee established by the

1 *Postal Service under subsection (a) of this section shall be in*
2 *accordance with the policies of this title and shall not exceed*
3 *such amount as may be necessary for sufficient revenues to*
4 *assure that the total estimated income, including appropria-*
5 *tions, of the Postal Service shall, to the extent practicable, be*
6 *equal to the total estimated costs of the Postal Service.*

7 “(c) Notwithstanding the provisions of subsection (b),
8 *the Postal Service may not establish any temporary rate*
9 *for a class of mail or any temporary fee for a postal serv-*
10 *ice which is more than the permanent rate or fee requested*
11 *for such class or postal service by the Postal Service under*
12 *section 3622 of this title.*

13 “(d) Any temporary change in rates of postage or in
14 *fees for postal service made by the Postal Service under this*
15 *section shall remain in effect no longer than 150 days after*
16 *the date on which the Commission transmits its recom-*
17 *mended decision to the Governors under section 3624(d) of*
18 *this title, unless such temporary change is terminated by the*
19 *Governors before the expiration of such period.*

20 “(e) If the Postal Rate Commission does not transmit
21 *to the Governors within 90 days after the Postal Service has*
22 *submitted, or within 30 days after the Postal Service has re-*
23 *submitted, to the Commission a request for a recommended*
24 *decision on a change in the mail classification schedule (after*
25 *such schedule is established under section 3623 of this title),*

1 the Postal Service, upon 10 days' notice in the Federal Reg-
 2 ister, may place into effect temporary changes in the mail
 3 classification schedule in accordance with proposed changes
 4 under consideration by the Commission. Any temporary
 5 change shall be effective for a period ending not later than
 6 30 days after the Commission has transmitted its recom-
 7 mended decision to the Governors.

8 “(f) If, under section 3628 of this title, a court orders
 9 a matter returned to the Commission for further considera-
 10 tion, the Postal Service, with the consent of the Commission,
 11 may place into effect temporary changes in rates of postage,
 12 and fees for postal services, or in the mail classification
 13 schedule.”.

14 (b)(1) The amendment made by subsection (a) of this
 15 section shall not apply to any action or proceeding with
 16 respect to the recommended decision of the Postal Rate Com-
 17 mission relating to proposed changes in rates of postage and
 18 in fees for postal services requested on September 18, 1975,
 19 by the United States Postal Service in a request which bears
 20 or which at any time has been included under Postal Rate
 21 Commission Docket Number R76-1.

22 (2) The provisions of section 3641 of title 39, United
 23 States Code, as such provisions were in effect on the day
 24 before the date of the enactment of this Act, shall apply to
 25 any temporary rate or fee established by the Postal Service

1 pursuant to its request to the Postal Rate Commission, dated
2 September 18, 1975, for a recommended decision, bearing
3 Docket Number R76-1.

4 SEC. 7. (a)(1) There is hereby established the Com-
5 mission on Postal Service (hereinafter in this section referred
6 to as the "Commission"). The Commission shall be composed
7 of 12 members, to be selected as follows:

8 (A) 4 appointed by the President of the United
9 States, of whom one shall be appointed as Chairman;

10 (B) 3 appointed by the President pro tempore of
11 the Senate, of whom one shall be an individual who is a
12 member of the work force of the United States Postal
13 Service;

14 (C) 3 appointed by the Speaker of the House of
15 Representatives, of whom one shall be an individual
16 who is a member of the work force of the United States
17 Postal Service;

18 (D) the Postmaster General of the United States,
19 ex officio; and

20 (E) the Chairman of the Postal Rate Commission,
21 ex officio.

22 (2) The members of the Commission shall be appointed
23 within 15 days following the date of the enactment of this
24 Act.

1 (3) Any vacancy in the Commission shall not affect its
2 powers, but shall be filled in the same manner as original
3 appointment.

4 (b) The Commission shall identify and study the prob-
5 lems facing the United States Postal Service and recommend
6 actions to be taken to resolve those problems. The Commission
7 shall not be limited to any particular subject areas for con-
8 sideration.

9 (c) (1) For purposes of carrying out its functions under
10 this section, the Commission may sit and act at such times
11 and places and receive such evidence and testimony as it
12 considers advisable.

13 (2) The Commission may secure directly from any de-
14 partment or agency of the United States information and
15 assistance necessary to carry out its duties under this section.
16 Each department or agency is authorized and directed, to the
17 extent permitted by law and within the limits of available
18 funds, to furnish information and assistance to the Com-
19 mission.

20 (3) When so authorized by the Commission, any mem-
21 ber or agent of the Commission may take any action which
22 the Commission is authorized to take by this section.

23 (4) All meetings, hearings, conferences, or other pro-
24 ceedings of the Commission shall be open to the chairmen

1 of the appropriate committees of the Congress or their des-
2 ignees and reasonable notice of such meetings or hearings
3 shall be given to such chairmen or their designees.

4 (d)(1) Except as provided in paragraph (2), mem-
5 bers of the Commission each shall receive as compensation
6 the daily equivalent of the annual rate of basic pay in effect
7 for Grade GS-18 for each day (including traveltime) dur-
8 ing which they are engaged in the actual performance of
9 duties vested in the Commission.

10 (2) Members of the Commission who are full-time offi-
11 cers or employees of the United States shall receive no addi-
12 tional pay on account of their service on the Commission.

13 (3) While away from their homes or regular places of
14 business in the performance of service for the Commission,
15 members of the Commission shall be allowed travel expenses,
16 including per diem in lieu of subsistence, in the same manner
17 as persons employed intermittently in the Government serv-
18 ice are allowed expenses under section 5703 of title 5, United
19 States Code.

20 (e) The Commission may appoint and fix the compen-
21 sation of such personnel as it considers advisable without
22 regard to the provisions of title 5, United States Code, gov-
23 erning appointments in the competitive service, and such
24 personnel may be paid without regard to the provisions of
25 chapter 51 and subchapter III of chapter 53 of such title

1 *relating to classification and General Schedule pay rates,*
2 *but at a rate not to exceed the maximum rate authorized by*
3 *the General Schedule. The Commission may procure the*
4 *services of experts and consultants in accordance with sec-*
5 *tion 3109 of title 5, United States Code, but at rates for*
6 *individuals not to exceed the daily equivalent of the annual*
7 *rate of basic pay in effect for the maximum rate authorized*
8 *by the General Schedule.*

9 *(f) (1) The Commission shall transmit to the President*
10 *and to each House of the Congress a final report containing a*
11 *detailed statement of its findings and recommendations, to-*
12 *gether with any individual views, on or before February 15,*
13 *1977.*

14 *(2) The Commission shall not be required to obtain*
15 *the clearance of any Federal agency before the transmittal*
16 *of its report.*

17 *(g) The Commission shall cease to exist 60 days after*
18 *the transmission of its final report under subsection (f) and*
19 *all offices and employment under it shall then expire.*

20 *(h) There are authorized to be appropriated to the*
21 *Postal Service Fund established under section 2003 of title*
22 *39, United States Code, without fiscal year limitation, such*
23 *sums as may be necessary to carry out the provisions of this*
24 *section. Expenses incurred by the Commission shall be paid*
25 *out of the Postal Service Fund.*

1 *SEC. 8. Section 3623(b) of title 39, United States*
2 *Code, is amended by striking out "Postal Service" the second*
3 *time it appears therein and inserting in lieu thereof "Gov-*
4 *ernors"*.

Passed the House of Representatives October 30, 1975.

Attest:

W. PAT JENNINGS,

Clerk.

Calendar No. 915

94TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 94-966

POSTAL REORGANIZATION ACT AMENDMENTS OF 1976

JUNE 21 (legislative day, JUNE 18, 1976).—Ordered to be printed

Mr. McGEE, from the Committee on Post Office and Civil Service,
submitted the following

REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 8603]

The Committee on Post Office and Civil Service, to which was referred the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes, having considered the same, reports favorably thereon with an amendment to the text and recommends that the bill as amended do pass.

PURPOSE

Under the economic duress of an increasing deficit, the Postal Service has made an effort during the past 6 months to reduce expenditures through service reductions. Small post offices have been closed; the number of business deliveries in 10 East Coast cities has been reduced; door and, to some extent, curblin delivery has been abandoned for new residential addresses; overtime work has been reduced, thereby necessarily increasing delivery time; and in some regions there has been a freeze (also increasing delivery time) on new hires. The Committee understands that further cuts—including abandonment of Saturday delivery—are being considered.

Meanwhile, postal rates have increased. Since May of 1971, when the 8-cent rate became effective, first-class postage has increased 63 percent. During the same period, the Consumer Price Index increased 35 percent. The increase in first class postage has undoubtedly contributed to a decline in volume, which had historically risen steadily until 1974 but fell in 1975. Such a trend augurs ill, for the Postal Serv-

ice urgently needs the increased revenues derived from an expected expanding volume.

Prime among the committee's concerns is the fiscal posture of the Postal Service which requires early congressional attention. The postal deficit increased from \$175 million in 1972 to \$989 million in 1975, for a cumulative deficit through 1975 of \$1.6 billion. A deficit of \$1.5 billion is estimated for fiscal year 1976; and a \$1 billion 55 million deficit is estimated for fiscal year 1977.

H.R. 8603 addresses itself directly to these three major problems of the Postal Service: Reductions in service; increasing postal rates; and a continuing operating indebtedness. The bill would:

1. Authorize two appropriations in the amount of \$500 million each to be applied against the accumulated operating indebtedness of the Postal Service. The first such appropriation is to be applied against the debt as it exists at the close of fiscal year 1976, and the second is to be applied against the debt as it exists at the close of fiscal year 1977.

2. Prohibit service cuts and require door or curbside delivery to residential addresses (except apartment buildings) for a period beginning with the appropriation of the funds authorized by the bill and ending on February 15, 1977.

3. Allow no postal rate increases during that same period.

Further, the bill looks to the future of the Postal Service by establishing a 12-member Commission on Postal Service to identify and study the problems facing the Postal Service and recommend actions to be taken to resolve them. The Commission's report will be due on or before February 15, 1977.

In short, the main purposes of the bill are to provide funds to be applied against the outstanding operating indebtedness of the Postal Service as of the beginning of fiscal year 1977 and the beginning of fiscal year 1978, to establish a moratorium on postal rate increases and service reductions, and to establish a Commission to study and report on the problems of the Postal Service.

AMENDMENT

H.R. 8603 has been amended by striking out all after the enacting clause and substituting the language of S. 2844 as it was amended by the Committee.

BACKGROUND

If it were truly a business, the United States Postal Service would be bankrupt. At its inception in July of 1971, the Service had assets of \$3.4 billion, with a capitalization balanced between liabilities of \$1.7 billion and equity of \$1.7 billion. It will end fiscal year 1977, in the absence of relief, with an accumulated deficit of approximately \$4.5 billion and it already has negative equity.

The United States Postal Service, however, is not a business. Although it was intended that the Postal Service would use modern business methods in organizing its activities, the Congress, in section 101 of title 39, United States Code, as it was amended by the Postal Reorganization Act of 1970, specifically stated that:

The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people.

The Congress had been told, primarily by the President's Commission on Postal Organization, the Kappell Commission, that the reorganization was needed so that postal management could improve upon the reliability of day-to-day mail delivery and also address itself to the unfilled needs of the nation for additional postal services. The Commission further foresaw that at least \$1.6 billion annually would be saved if postal management were unfettered. Congress discounted the optimism of the Postmaster General and other advocates of a self-sustaining Postal Service in 1970 and did provide for an annual payment to the Postal Service for public service costs. That payment amounts to 10 percent of the fiscal year 1971 budget of the former Post Office Department through fiscal year 1979, to be diminished by 1 percent a year for 5 years, after which the Postal Service could choose to end the so-called subsidy altogether.

Events have demonstrated that the congressional view that appropriations would be necessary was accurate. Indeed, the static payment, amounting to \$920 million annually through fiscal year 1979, has not proved to be adequate. The fixed subsidy, which stemmed from necessary compromise, was arbitrary. And the fixed subsidy, in addition, has been steadily eroded by inflation, which has proceeded at a more rapid rate than contemplated when the Reorganization Act was written in 1970.

The other appropriations provided to the Postal Service to compensate it for the revenue not realized because of public policy affecting the rates of postage for certain classes and kinds of mail do not comprise a subsidy of the Postal Service, but rather of mail users who have been provided with a time cushion to adjust to the impact of being charged the full rates required to cover the costs which can be attributed to them. For fiscal year 1977, a total of \$792 million has been included in the budget for this foregone revenue, which does not apply to first-class, zone-rated fourth-class (parcel post), or regular-rate third-class mailers. The chief beneficiaries of this policy are users of second-class, nonprofit third-class, and the special fourth-class rates.

BORROWING AUTHORITY

One of the key provisions of the Postal Reorganization Act gave the newly independent Postal Service the authority to borrow money and to issue and sell obligations as it deems necessary, within certain limits. Its total outstanding obligations cannot exceed \$10 billion. The net increases in its obligations in any year to cover operating expenses cannot exceed \$500 million and to cover capital improvements \$1.5 billion.

While there is no great concern over borrowing for capital purposes, since this long-term debt poses no difficulty in repayment, the committee has become increasingly concerned that annual resort to off-budget borrowing for operating expenses can only deepen the Service's insolvency. It already has done so. So far, the Postal Service has not been able to meet the schedule for repayment of operating debt and has had to roll-over each debt obligation as it came due.

Hard-pressed as it has become, the Postal Service has, not surprisingly, made cuts. Many air taxi routes have been abandoned. Same-day delivery in downtown areas has been abandoned. Local mail has

been mixed with area mail, slowing it down. Collections from corner mail deposit boxes have been restricted. The frequency of delivery in downtown business areas of our larger cities has been cut. Door-to-door service in newly built-up areas is a thing of the past. And the criteria by which the fate of small rural post offices is decided has been changed to facilitate a significant reduction in the number of such offices.

INFLATIONARY IMPACT

Primary among the reasons for the less-than-hoped-for performance of the newly independent Postal Service has been the rate of inflation. Cost-of-living increases in postal workers' pay have totaled \$987 million in the past 2 years; every penny increase in the price of gasoline costs the Service \$3.5 million per year. The effect has been significant. Impelled by these inflationary forces, the rate of postage has risen. Since May of 1971, when the former 8-cent rate for a first-class stamp became effective, the cost of a stamp has risen 63 percent. The Consumer Price Index has risen, in the same interval, by 35 percent. And, while there is no consensus about the elasticity or inelasticity of demand for postal services in the face of rate increases, recent experience would indicate that we are, at the least, approaching a point where rate increases will permanently affect mail volume. In fiscal year 1975, mail volume declined for the first time since the depression of the 1930's. The major revenue-producing class, first-class, which had risen 1.2 percent in fiscal year 1974, fell 0.4 percent in 1975. Third-class declined 3 percent, fourth-class by 6.7 percent, and airmail fell off 15.5 percent.

The Postmaster General, in his annual report for fiscal year 1975, understated the obvious when he said:

This development demands attention. While we hope that mail volume will respond to an improved general economy in fiscal year 1976, we are aware that postage rates may be reaching a point where price is causing mail users to increase their use of competitive means of distribution or electronic communications. This trend increases our concern over the long-term course of postal finances.

WAGES AND BENEFITS

Despite a significant increase in the mechanized sorting of mail, postal services continue to be highly labor-intensive, with wages and benefits for employees accounting for nearly 86 percent of total operating costs. The 1970 Act gave rank-and-file employees the right of collective bargaining and directed that compensation and benefits be maintained on a standard of comparability to the compensation and benefits paid for comparable levels of work in the private sector of the economy.

There is no question that under collective bargaining postal employees have improved their lot. Since reorganization, salaries and benefits have risen significantly, so that today the average outlay for bargaining unit employees stands at \$13,755 in wages and \$16,228 if benefits are included in the computation.

Various comparisons of Postal Service pay and Postal Service increases with other segments of the economy have been made. For instance, as of March 21, 1976, the rate of pay for Postal Service grade 5/step 5 had increased by 57.69 percent since July 1, 1971, to \$12,634. General Schedule civil service employees in grade 5/step 5 had pay increases of 28.68 percent in the same time period, bringing their pay to \$10,117 annually.

The President's Council and Wage and Price Stability found that postal wage increases outstripped those in the private sector when compared with hourly wage earners in nonsupervisory positions in the private nonfarm economy, though it found Postal Service increases significantly more moderate when compared with increases in wages paid union workers in private industry over the same period.

The Postal Service itself surveyed 67 manufacturing and non-manufacturing firms a year ago and found that wages plus benefits for its average bargaining-unit employee amounted to \$8.05 per hour, 1 cent more than the average \$8.04 in wages and benefits for the companies surveyed.

The General Accounting Office has estimated that by the end of the current contract period, July 1978, the average pay and benefit cost for bargaining-unit employees of the Postal Service will stand at \$18,700. It concludes that postal workers seem to have attained a financial standing comparable to that of employees in the private sector of the economy, as intended by the Reorganization Act.

But the rate of compensation increases has slowed. The most recent contract between Postal Service management and labor was signed in August of 1975 and provided a fixed wage increase of slightly less than 4 percent per year plus a cost-of-living allowance of 1 percent per hour for every four nineteenthths of a point increase in the Consumer Price Index. This contrasts with estimates by the Department of Labor that an average 10.3 percent increase in wages in the first year of industrial contracts last year and an average annual increase of 7.8 percent over the life of the contract were typical in the economy at large.

COMPARISON OF COMPENSATION COSTS IN THE SERVICE WITH THAT IN 14 SELECTED INDUSTRIES,
FEBRUARY 1975

	Postal Service	Private sector
Straight-time pay.....	\$6. 02	\$5. 55
Total benefits.....	2. 03	2. 49
Total compensation.....	8. 05	8. 04

The survey results indicated that there was little difference in compensation costs between the Service and the private sector.

As a matter of interest, GAO has traced the compensation growth for employees of the Service. The following table shows salary growth for Service employees since reorganization. It also shows the salary growth for General Schedule employees, grade 5/step 5 and for Postal Service Schedule employees, grade 5/step 5 (the former equivalent point in the General Schedule and Service scales).

SALARY GROWTH SINCE POSTAL REORGANIZATION

	July 1, 1971 ¹	July 21, 1975 ²	March 21, 1976 ³	Percent increase from July 1971 to March 1976
Postal Service:				
Average salary:				
Without fringes.....	\$8,694	\$13,254	\$13,650	57.00
With fringes.....	9,746	15,493	15,957	63.73
Grade 5/step 5:				
Without fringes.....	8,012	12,238	12,634	57.69
With fringes.....	8,981	14,306 ⁴	14,769 ⁴	64.45
General Schedule:				
Without fringes.....	7,862	9,632	10,117	28.68
With fringes.....	8,813	11,809	12,403	40.73

¹ Compensation prior to collective bargaining.² Date of first increase under current contract.³ Date of second increase under current contract.⁴ Does not reflect a contribution for retirement benefits as complete as the General Schedule.

PERFORMANCE

In testimony before the committee, the General Accounting Office stated it as a fact that, "overall the mail is moving well, although not as well as in 1969."

Unfortunately, the GAO, as has the committee itself, concluded that more mail is being delayed for longer period than used to be the case, and that this mail, though proportionately small in terms of total volume, still adds up to several billion pieces a year.

As the Postal Service has increased the number of multiposition letter sorting machines in use, to the point where approximately 60 percent of all letter mail is processed on these machines, the incidence of missent mail has risen. It has been, in part, the price paid for efforts to cut costs and improve productivity.

In testimony to the committee, GAO auditors stated that in 1969 the average time to deliver a first-class letter was 1.5 days. By 1971, the average rose as high as 2 days. Four and one-half years later it had been reduced again, to 1.65 days. Postal Service standards provide for delivery of qualified first-class mail, that is, stamped ZIP-coded mail deposited prior to the last mail pickup, overnight within local areas, within 2 days within a 600-mile radius, and within 3 days everywhere else.

The laudable intention to cut costs and increase productivity also was behind the institution of the National Bulk Mail System, approved on March 11, 1971, and built at a cost of approximately \$1 billion. Savings, originally estimated at about \$300 million annually in 1970, have been scaled back and the new bulk mail centers have encountered significant mechanical difficulties in their early months of operation. The future of the system remains, in the committee's view, rather uncertain, in large part because of the uncertainty of the Service's future share of the parcel delivery market, even assuming that current difficulties are overcome.

The Postal Service no longer accounts for the majority of parcels transported in the United States. Moreover, total mail volume, which had been climbing at a rate of 3 or 4 percent per year when the Kappel Commission's study was underway, has more recently begun

to decline. Fiscal year 1974 may stand as the all-time high in volume of mail.

Regardless of mail volume, however, costs can be expected to climb. The Postal Service estimates the number of delivery points have grown by about 14 percent since fiscal year 1971. They now stand at 76.2 million. Major productivity improvements of the type needed to achieve the savings predicted in the late 1960's and 1970 have not materialized, though productivity as measured by pieces of mail processed per man-year has improved from 120,202 pieces in fiscal year 1971 to an estimated 130,564 in fiscal year 1976.

Higher postal rates have, then, apparently had an effect on volume. So, too, has advancing communications technology. In the face of lessening volume, hence less revenue, and rising costs, unit costs can only rise and produce the demand for ever higher rates. More severe costcutting measures, which mean service cuts as well, or increased appropriations are the other choices available, along with improvements in the ratesetting procedure itself.

RATESETTING

Under the 1970 Act, postage rates are established by the Board of Governors of the Postal Service, though the Board acts upon the recommended decision of an independent Postal Rate Commission set up to adjudicate Postal Service requests for rate increases. The most recently completed rate case, which established the permanent rate of 10 cents for a 1-ounce first-class letter (today's 13-cent rate is still temporary) took 2 years from start to finish, during which time the inexorable increase in the cost of doing business outpaced revenues. Had the case been decided 6 months earlier, thus permitting the present temporary rate to take effect in July of 1975, rather than December, the Service's fiscal year 1976 operating deficit likely would have been wiped out and a small surplus might have been realized.

The unexpected decline in mail volume raises the question of at what point rates become unacceptable or counterproductive of revenue. If rate increases are too steep and produce significant loss of business, they could conceivably result in greater operating losses. The Postal Service itself has expressed serious concern about the impact of a new round of increases on mailers, believing that many would turn to alternative services. At any rate, until the pending rate case under deliberation by the Postal Rate Commission is concluded, no new increase can be put into motion.

Postal rates, at least for first-class postage, are reasonable today and could be further increased and still be reasonable. That, at least, was the conclusion of the General Accounting Office, which compared data concerning revenue, expenses, and operations for ten major foreign postal systems, as well as the "true" cost of postage in terms of how long it takes a typical worker to earn the cost of a first-class stamp in reaching its conclusion.

"But being reasonable and being acceptable are two different things," added the testimony, which then cited the decline in mail volume by 832 million pieces in 1975 as evidence of the growing inclination to judge postal rates as unacceptable.

SELECTED COUNTRIES' ESTIMATED LETTER POSTAGE, JAN. 1, 1976

	Estimated letter postage in national currency	Estimated letter postage in U.S. cents ¹
Australia (dollars).....	0.18	23.5
Belgium (francs).....	6.50	17.0
Canada (dollars).....	2.08	7.8
France (francs).....	.80	18.4
Japan (yen).....	³ 50.00	16.8
Netherlands (guilders).....	.50	19.0
Sweden (kronas).....	.90	21.1
Switzerland (francs).....	⁴ .30	11.2
United Kingdom (pounds).....	.085	23.5
United States (dollars) ⁵	⁵ .13	13.0
West Germany (marks).....	.50	19.5

¹ Using foreign exchange rate prevailing on Aug. 1, 1975.

² Wage negotiations from the postal strike which began in October 1975 may result in increased rates.

³ Pending legislative approval.

⁴ Not including an unspecified rate increase projected for Jan. 1, 1976.

⁵ Effective date planned—Dec. 28, 1975.

Source: U.S. Postal Service.

SERVICE REDUCTIONS

Equally unacceptable to much of the public, and thus to Members of the Congress, is the alternative of further cutting service to the people. Major cost reductions could be realized, but even so they would not produce the savings necessary to eliminate the need for rate increases. They would not be popular, nor, in the committee's opinion, in full compliance with the spirit of the Reorganization Act of 1970.

A reduction in delivery services from 6 days a week to 5 would result in savings of approximately \$350 million. It has been estimated by the Comptroller General that a reduction in the number of third-class offices from 12,000 to 6,000 and the elimination of more than 6,000 fourth-class offices could save approximately \$130 million. An added \$30 million could come from closing or consolidating 2,000 larger offices. If delivery to remote places, now generally made 6 days a week, were reduced uniformly to 2 days, savings of \$400 million could be realized.

In all, such practices might produce savings in the neighborhood of \$810 million.

It is questionable if such policies, if effected, would fulfill the mandate of Congress, which has directed the Postal Service to "provide prompt, reliable, and efficient services to patrons in all areas," and to "render postal services to all communities."

The following table I, prepared by the Postal Service, shows the difference between its income and operating expenses for fiscal year 1975, 1976, the transition quarter and 1977.

Table II is an analysis of increases and decreases in Postal Service assets, liabilities and equity since 1971. The source is the GAO.

TABLE 1.—POSTAL SERVICE OPERATING STATEMENTS, FISCAL YEARS 1972-77

[Dollar amounts in millions]

	Actual				Estimate		
	1972	1973	1974	1975	1976	TQ ¹	1977
Total revenues.....	\$9,417	\$9,931	\$10,875	\$11,657	\$12,815	\$3,395	\$14,317
(Appropriations) ²	(1,361)	(1,377)	(1,637)	(1,533)	(1,645)	(419)	(1,712)
Total expenses.....	9,592	9,944	11,313	12,646	14,226	3,820	15,373
Net income (loss).....	(175)	(13)	(438)	(989)	(1,411)	(425)	(1,056)
Cumulative operating loss.....	175	188	626	1,615	3,026	3,451	4,507

¹ Transition quarter.² Operating appropriations included in total revenues.

TABLE II.—ANALYSIS OF INCREASES AND DECREASES IN ASSETS, LIABILITIES, AND EQUITY OF POSTAL SERVICE

[In billions of dollars]

	Assets	Increase	Liabilities	Increase	Equity
Fiscal year:					
1971.....	\$3.4		\$1.7		\$1.7
1972.....	4.7	\$1.3	3.2	\$1.5	1.5
1973.....	5.6	.9	4.0	.8	1.6
1974.....	6.8	1.2	5.7	1.7	1.1
1975.....	7.5	.7	7.3	1.6	.2
1976 (estimate).....	9.9	2.4	11.2	3.9	(1.3)
1977 (estimate).....	10.7	.8	13.5	2.3	(2.8)

Note: The Postal Service is in a negative equity position, \$831,000,000, at Dec. 31, 1975. In the private sector, an excess of liabilities over assets, coupled with revenues that regularly fail to cover expenses, strongly suggest that the entity is bankrupt.

The Postal Service's equity is not quite like that of a corporate entity since about \$1,500,000,000 of the Service's liabilities are held by the Federal Financing Bank of the U.S. Treasury, another Government entity.

MAJOR PROVISIONS OF THE BILL

AUTHORIZATION AND MORATORIUM

The bill adds to the present provisions of 39 U.S.C. section 2401 two additional subsections. Proposed subsections 2401(d)(1) and (d)(2) authorize to be appropriated to the Postal Service the sum of \$1 billion in two increments of \$500 million. The first increment is to be applied against the operating indebtedness of the Service "as of September 30, 1976"; the second amount is similarly to be applied to operating indebtedness "as of September 30, 1977".

The committee approved these authorizations with the understanding that the President would request the appropriation of the sums authorized by the bill, this understanding having been achieved after discussions between the chairman of the committee and the ranking minority member with the Director of the Office of Management and Budget.

In conjunction with the authorization of funds, the bill provides for a moratorium on postage rate increases and service cuts during

the period beginning on the date on which the first \$500 million authorized is appropriated and ending on February 15, 1977, the day on which the Commission on Postal Service, established elsewhere in this bill and explained subsequently in this report, will deliver its recommendations to the President and to the Congress.

Specifically, the bill prohibits the Postal Service from having in effect any permanent or temporary rate of postage or fee for any postal service greater than the rates and fees actually in effect on the date of enactment. This language does not mean that the Postal Service may not file a request with the Postal Rate Commission to institute a proceeding for rate increases before the expiration of the moratorium.

The bill also provides that, during the moratorium period, levels, and types of postal services may not be instituted that are less than the levels and types of services provided on July 1, 1976. It is not the committee's intention to preclude the Postal Service from making such minor adjustments as would occur, for instance, in the restructuring of a letter carrier route. Rather, the committee intends by this provision to prohibit a more substantial adjustment, including a reduction in the frequency of delivery services.

Further, the bill would prohibit the Postal Service from closing, during the period of the moratorium, any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976. Additionally, the bill provides that before the Postal Service under law may close any office, where fewer than 35 families are served, it must obtain the written concurrence of at least 60 percent of all patrons 18 years of age or over who regularly receive their mail from that office. It is the committee's intention that post office, consolidations be governed by these provisions as well.

An additional provision of the moratorium requires that the Postal Service provide door delivery or curblin delivery to all permanent addresses (other than apartment building addresses) to which service has begun on or after the date of enactment. This provision of the moratorium stems from an administrative regulation published by the Postal Service including the following:

1. No local option is provided for door-to-door delivery in new residential areas.
2. In new residential housing areas, the delivery options open to the local postmaster are limited to curblin or cluster box, within 300 feet of the residence.
3. In new mobile home parks, the options are curblin, cluster box, or delivery to the management for future distribution by other than postal employees.
4. The only circumstances under which door delivery may continue are in the case of residences built to fill in an area already receiving door delivery, and extreme hardship cases.
5. If municipal or county ordinances prohibit curblin delivery, the only options are cluster box delivery, general delivery, or no service.

The committee understands that in many new areas, curblin structures of any sort are prohibited by local ordinance. Thus, under the regulations, these areas will be served only by cluster boxes. The mora-

torium provision on delivery standards does not require that the Postal Service roll back the effects of its existing delivery policy, but only that the standards required shall be observed prospectively until February 15, 1977.

The bill includes a broad new reporting requirement which makes it incumbent upon the Postal Service, in requesting appropriations, in the future to present to the Committees on Post Office and Civil Service and the Committees on Appropriations of the Senate and House of Representatives copies of its budget for the fiscal year for which funds are requested and a comprehensive statement which shall contain:

What the Postal Service is doing to comply with the policy section of the Postal Reorganization Act. ("The Postal Service shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities.");

Postal operations generally, data on the speed and reliability of service, volume, productivity, trends, and the impact of internal and external factors on the Postal Service; and

Estimates of revenue requirements.

The Postal Service also is required to request an opportunity to appear before the legislative committees to respond to questions concerning its budget and the required statement.

The bill specifically provides that the failure of the President to request the appropriation of any part of the funds authorized by section 2401 of title 39, U.S.C., shall not be deemed a failure of appropriations. It further provides that such failure by the President to request the appropriation of any part of the funds authorized by that section shall not relieve the Postal Service from the responsibility of complying with the moratorium provisions of the bill.

PARCEL POST

Subsection (j) of section 2 provides that the rates established for zoned-rated parcels shall not be more than 10 percent less than the rates for this kind of mail would be if the two \$500 million appropriations authorized in subsection (d) were not appropriated. This provision would apply to regular-rate parcel post which is carried in the mails at rates which vary according to the distance between the point of entry and the destination. The limitation does not apply to the rates established for fourth-class zone rate catalogues or to educational and library material rates mailed at uniform rates.

This provision is different from the provisions of H.R. 8603 as passed by the House of Representatives. Under the House bill, the Postal Service would have been prohibited from apportioning the current \$920 million public service subsidy to all classes of mail in determining the revenue requirement. This method of apportionment has been the policy of the Postal Service since the enactment of the Postal Reorganization Act. The committee provision will continue this policy as to the \$920 million public service appropriation, but will prohibit the Postal Service from apportioning the new authorized appropriation of \$500 million in a manner which would result in a reduction in parcel post rates by more than 10 percent.

POSTAL RATE COMMISSION ORGANIZATION

Section 3 of the bill has the following provisions:

1. Changes the future appointment of Commissioners from Presidential appointment to Presidential nomination and Senate confirmation.
2. Permits a Commissioner to continue in office until his successor has qualified, but not for more than one year.
3. Provides that the Commissioners shall elect by majority vote a vice chairman to serve in the absence of the presidentially designated chairman.

POSTAL RATE COMMISSION ADMINISTRATION

Section 4 clarifies the authority of the Chairman of the Postal Rate Commission to be the chief executive of the agency. Present law does not give the Chairman the authority to direct the administrative and clerical business of the Commission, and needless difficulties have resulted because of what was apparently an oversight in the Postal Reorganization Act.

Section 5 changes the period of time in which the Commission can consider a rate case. Under existing law there is no specific time limit, although section 3624 permits administrative rulings to bring about "the utmost expedition consistent with procedural fairness". Section 5(a) amends section 3624 to require the Commission to issue its recommended decision within 10 months after the submission of a request by the Postal Service. The new time limit does not apply to a mail classification case. H.R. 8603 leaves unchanged the provisions governing a classification case.

The bill permits the Commission to extend the time period beyond 10 months in cases in which the Postal Service "has unreasonably delayed" consideration of a request through a failure to respond within a reasonable period of time to orders of the Commission. The Commission may extend the 10 months by 1 day for each day of delay by the Postal Service. The 10-month provision does not apply to the current rate case stemming from the request of September 18, 1975, by the U.S. Postal Service which bears Postal Rate Commission Docket No. R76-1.

TEMPORARY CHANGES IN RATES AND CLASSIFICATIONS

Section 6 revises the authority for temporary changes in postal rates and fees, and changes in the mail classification schedule.

Under 39 U.S.C. 3641, the Postal Service under existing law may change rates and fees on a temporary basis if the Postal Rate Commission does not issue a recommended decision within 90 days after a request is made.

Under the language of H.R. 8603, the Postal Service would have to wait for a period of 10 months after making its request to impose temporary changes. Since the Commission is mandated to issue its recommended decision within 10 months, it is at least possible that temporary rate authority would not be utilized.

Under current law, temporary changes may not exceed 33 percent of the existing permanent rate. H.R. 8603 eliminates the 33 percent

maximum, and permits the Postal Service to increase temporary rates up to the amount requested as a permanent rate. Such temporary rates must be "in accordance with the policies of this title."

The bill revises the duration of time for temporary rates imposed by the Postal Service. Under current law, these rates automatically expire 30 days after the Commission issues its recommended decision to the Governors. Under the proposed change, the temporary rates may continue in effect for 150 days following the submission of the Commission's recommended decision, thus permitting an adequate period for review of the recommendation and avoidance of changes in rates resulting solely from a Governor's decision to return a recommended decision for further consideration, or judicial review of a recommended decision or the action of the Governors.

The bill reiterates existing law, making no change in the existing provision that if the Postal Rate Commission does not transmit a classification schedule 90 days after being requested by the Governors, the Postal Service may impose temporary changes in the mail classification schedule. The Postal Service and the Postal Rate Commission are working closely on the new classification schedule, which will be phased in for the different classes over a three or four-year period.

The bill exempts the present rate case from the 10-month requirement and exempts the present case from the extension from 30 to 150 days for temporary rates.

THE COMMISSION ON POSTAL SERVICE

The bill establishes a Commission on Postal Service, to be composed of 10 members selected as follows:

4 appointed by the President, one of whom shall be Chairman.

3 appointed by the President Pro Tempore of the Senate, one of whom shall be a representative of the work force of the U.S. Postal Service.

3 appointed by the Speaker of the House of Representatives, one of whom shall be a representative of the work force of the U.S. Postal Service.

The Postmaster General of the United States and the Chairman of the Postal Rate Commission shall be ex-officio members of the Commission, but shall have no vote.

The committee decided that three members each would be appointed by the President Pro Tempore of the Senate and the Speaker of the House so that, in addition to the representatives of the Postal Service work force, the President Pro Tempore and the Speaker could each appoint a member from both political parties.

The committee construes "a member of the work force of the United States Postal Service" to be a Postal Service employee except that such employee shall not be a part of management.

The bill charges the Commission with identifying and studying the problems facing the Postal Service and recommending actions to be taken to resolve those problems. The Commission would not be limited to any subject areas for consideration. The bill requires that the Commission would send to the President and each House of Congress a report containing a detailed statement of its findings and recommendations on or before February 15, 1977. Note that this also is the date on

which the moratorium on rates and service cuts established by section 2 expires.

The bill authorizes necessary appropriations to the Postal Service Fund to pay the expenses incurred by the Commission.

THE COMMISSION'S DUTIES

During hearings on the bill and in earlier versions, the committee considered directing the Commission to study all aspects of the public-service functions of the Postal Service, including whether the current public-service allowance should be increased or decreased and to what extent such functions should be paid for out of appropriated funds. Following discussions with the Office of Management and Budget, however, the mandate to the Commission was enlarged so that the Commission would not be limited to any subject areas for consideration.

The broad and nonspecific mandate to the Commission to study the problems facing the U.S. Postal Service presupposes that the Commission will conduct its study with the understanding that the Committee has not suggested any abrogation of the provisions of section 101 of title 39 which provide in part that "The U.S. Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States authorized by the Constitution, created by Act of Congress, and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal service to bring the Nation together through the personal, educational, literary, and business correspondence of the people . . ."

PROVISIONS NOT INCLUDED

H.R. 8603 and several Senate bills pending before the committee contain numerous amendments to the Postal Reorganization Act of 1970 that are unrelated to the immediate financial problems of the Postal Service. For example, one amendment would affirm past Postal Service grants of second class mail privileges to catalogs and bulletins published by universities and colleges and to the publications of certain looseleaf reporting services. The committee's decision to limit the scope of its bill to the financing of the Postal Service and the establishment of a Presidentially appointed Commission to consider broad public policy questions related to the Postal Service precluded committee consideration of these other measures. Neither the Postal Service nor any other body should, however, interpret the absence of these provisions from the committee bill as an expression of disapproval by the committee. The committee's action was taken without prejudice to these amendments to the act, and does not indicate committee approval of the administrative actions of the Postal Service to revoke these permits. The committee proposes to consider them separately and to act upon them when the committee's schedule permits. Pending consideration by the committee, and at least until the expiration of the moratorium on February 15, 1977, it is the committee's hope that the Postal Service will defer any further action with respect to the revocation of second class mailing privileges for these publications.

Also included in the bill considered, but not approved by the committee, was a provision that one conservation publication published by an agency of a State which is responsible for the management and

conservation of the fish or wildlife resources of such State shall be considered a publication of a qualified nonprofit organization qualified for nonprofit postal rates. The committee rejected this provision without prejudice and did not take into account the merits of the provision which may warrant future committee consideration. The provision was excluded solely as being peripheral to the thrust of the measure, which is to enhance the fiscal posture of the Postal Service.

Similarly, prior to the markup of H.R. 8603, committee members were asked to include in their deliberations a provision that qualified nonprofit organizations would be required to pay postage on their mailings in an amount not to exceed 50 percent of the regular postage rate. This provision was never included in the bill which the committee considered; hence it does not appear in H.R. 8603. This omission again reflects the fact that such a provision is not central to the main purpose of the bill, and its exclusion does not reflect upon its merits.

The committee also considered an amendment which would have provided larger size and weight limits on parcels to be airlifted to the Armed Forces post offices outside the 48 contiguous States, but did not approve it.

COMMITTEE ACTION

The ground work for consideration of H.R. 8603 began in February, 1973, when the Committee on Post Office and Civil Service undertook an investigation of the Postal Service pursuant to S. Res. 61 of the 93d Congress. Its report (No. 93-727) was filed in March 1974.

S. 2844, the text of which has been submitted, as amended, for the provisions of H.R. 8603, was introduced on January 19, 1976, and hearings were held on that bill on January 27 and 28, February 16 and 20, March 29, and April 19 and 20.

The committee met in open sessions to consider the legislation on June 9 and 10, 1976, ordering the bill, as amended, to be reported favorably to the Senate.

There were three roll-call votes taken. The first on an amendment offered by Senator Bellmon to make the Postmaster General and Chairman of the Postal Rate Commission ex-officio (not voting) members of the Commission on Postal Service, follows: Yea—Senators Randolph, Burdick, Hollings, Leahy, and Bellmon. Nay—Senator Fong. Not voting—Senators Moss, Stevens, and McGee.

The second roll-call vote, which was on an amendment offered by Senator Hollings in the nature of a substitute. The vote was: Yea—Senators Randolph and Hollings. Nay—Senators Burdick, Moss, Fong, Stevens, Bellmon, and McGee. Not voting—Senator Leahy.

The final roll-call vote, on a motion by Senator Fong to approve the bill as amended and order it reported, was: Yea—Senators Randolph, Burdick, Moss, Leahy, Fong, Stevens, Bellmon, and McGee. Nay—Senator Hollings.

SECTIONAL ANALYSIS

Section 1 provides a short title for the bill, "The Postal Reorganization Act Amendments of 1976".

Sections (d) (1) and (2) authorize two appropriations in the amount of \$500 million each to be applied against the accumulated operating indebtedness. The first such appropriation would be applied against

the accumulated operating indebtedness as it exists at the close of fiscal year 1976, and the second would be applied against the accumulated operating indebtedness as it exists at the close of fiscal year 1977.

Section 2 provides that during the period from the appropriation of the first \$500 million authorized until February 15, 1977, the Postal Service would not be allowed to have in effect any rate or fee increase which exceeds the rates and fees in effect on the date of enactment; would not be allowed to provide levels and types of postal services less than those services provided on July 1, 1976; would not be allowed to close any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976; or close any post office where fewer than 35 families receive their mail unless the Postal Service receives the written consent of at least 60 percent of the regular patrons of such office who are at least 18 years of age.

Section 2 further provides that, during the same moratorium period, the Postal Service shall provide door delivery or curbside delivery to all permanent residential addresses (other than apartment building addresses) to which service was begun on or after the date of enactment.

Section 2 requires the Postal Service, in requesting the authorized appropriations, to present to both the Senate and House Post Office and Civil Service Committees and the Senate and House Appropriations Committees copies of the Postal Service budget for the fiscal year for which the funds are requested, as well as a comprehensive statement containing information falling into four categories. Each statement must specify, in the first place, plans, policies, and procedures of the Postal Service which are designed to comply with the requirements of the policy section of the Postal Reorganization Act of 1970. Secondly, each statement must comment on postal operations generally and specific data on the speed and reliability of service, volume, productivity, trends in postal operations, and an analysis of the impact of various internal and external factors on the Postal Service. Third, each statement must contain an income statement for the most recent fiscal year for which information is available and an estimated income statement for the fiscal year for which funds are requested. Finally, each statement must contain any other information determined by the committees to be necessary in order to keep Congress fully informed concerning postal operations, plans, and policies.

Section 2 further requires the Postal Service to request an opportunity to appear before the Senate and House Post Office and Civil Service Committees to present testimony and answer questions regarding the aforementioned budget and statement.

Section 2 specifically provides that the failure of the President to request the appropriation of any of the funds authorized shall not be deemed a failure of appropriations. It also provides that the failure of the President to request the appropriation of any part of the authorized funds will not prevent the Postal Service from having to comply with the previously mentioned moratorium provisions.

In addition, section 2 limits the rates established for zone-rated parcels so that they shall not be more than 10 percent less than such rates would be if the amounts authorized in subsection (d), that is, the additional sums authorized by this bill, were not appropriated.

Section 2 revises section 2003 of title 39, U.S.C., by adding a subsection requiring any amounts appropriated under the provisions of the bill to be expended only for the specified purposes.

Section 3 revises the organizational and administrative provisions of section 3601 dealing with the Postal Rate Commission.

Section 3 revises section 3601(a) to change the appointment process of all commissioners from direct Presidential appointment to Presidential nomination subject to Senate confirmation.

Section 3 revises section 3601(b) to provide that a Commissioner may continue in office until his successor has qualified to take office, except that any such Commissioner may not continue to serve for longer than one year after the date upon which his term would otherwise expire.

Section 3 revises section 3601(d) to require the election by the Commission of a vice chairman to serve in the absence of the Chairman. This procedure is the existing practice.

Section 3(b) provides that the requirement for nomination and confirmation by the Senate shall not apply to a current Postal Rate Commissioner, except that the provision would apply to such appointment occurring after the date of enactment.

Section 4 revises section 3604 to title 39 to clarify the authority of the Chairman of the Commission to act as the chief executive of the agency. Specifically, section 4 vests clear authority in the Chairman to administer the appointment and supervision of personnel, to direct the business of the Commission, and to direct the use and expenditure of funds.

Section 5 revises section 3624 to create a 10-month time limit within which the Postal Rate Commission must issue a recommended decision following the submission of a request by the Postal Service in a rate case. The Postal Rate Commission would be allowed to extend the 10-month period on any case in which the Postal Service "has unreasonably delayed consideration of a request made by the Postal Rate Commission" to respond to any lawful order of the Commission. This new time limit does not apply to mail classification cases, nor would it apply to the third rate case, bearing Docket No. R76-1.

Section 6 revises section 3641 of title 39 regarding the authority of the Postal Service to impose temporary changes in rates, fees, and the mail classification schedule.

With respect to rates and fees, section 6 requires the Postal Service to wait a period of 10 months instead of 90 days as provided by existing law after a rate request is filed before imposing temporary rates. Thus, temporary rates would only be imposed by the Postal Service in those cases in which the Postal Rate Commission takes longer than 10 months to issue a recommended decision.

Temporary rates may not exceed the permanent rate proposal submitted by the Postal Service to the Postal Rate Commission, nor may the temporary rates exceed the amounts necessary, when combined with all other available funds, which will equal the total estimated costs of the Postal Service.

Section 6 revises the duration of time for temporary rates imposed by the Postal Service. Under current law, these rates automatically expire 30 days after the Commission issues its recommended decision

to the Governors. Under the proposed change, the temporary rates may continue in effect for 150 days following the submission of the Commission's recommended decision, thus permitting an adequate period for review of the recommendation and avoidance of changes in rates resulting solely from a Governor's decision to return a recommended decision for further consideration, or judicial review of a recommended decision or the action of the Governors.

No change is made in existing law providing that temporary changes in the mail classification schedule may be imposed by the Postal Service if the Postal Rate Commission does not transmit a mail classification schedule 90 days after a request by the Postal Service.

Section 6(b) exempts the third rate case, bearing Docket No. R76-1, from the 10-month requirement and provides that the third rate case is to be controlled by current law.

Section 7 creates a Commission on Postal Service consisting of 12 members.

Four of the members would be appointed by the President, one of whom could be the chairman. Three of the members would be appointed by the President Pro Tempore of the Senate, one of whom must be a member of the work force of the United States Postal Service. Three of the members would be appointed by the Speaker of the House of Representatives, one of whom must also be a member of the work force of the United States Postal Service. The Postmaster General and the Chairman of the Postal Rate Commission would be *ex-officio*, nonvoting members of the Commission.

The function of the Commission would be to identify and study, without limitation as to such areas of inquiry, the problems facing the Postal Service.

The Commission is required, on or before February 15, 1977, to submit to the President and each House of Congress a detailed statement of its findings and recommendations, together with any individual views.

Section 7 provides that members of the Commission, with the exception of those members who are full time officers or employees of the U.S. Government, would receive compensation for their services equal to the daily equivalent of the annual rate of basic pay in effect for GS-18 for each day during which they are engaged in the actual performance of their duties as Commission members.

Section 7 also provides that Commission members in travel status would be allowed travel expenses including per diem in lieu of subsistence in the same manner as persons intermittently employed are allowed expenses under 5 U.S.C. 5703.

Section 7 provides that the Commission may appoint and fix the compensation of personnel without regard to the provisions of title 5, governing appointments in the competitive service. Such personnel would be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at a rate not to exceed the maximum rate authorized by the General Schedule. The Commission would be authorized to procure the services of experts and consultants but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for the maximum rate authorized by the General Schedule.

Finally, section 7 authorizes the appropriation to the Postal Service Fund of sums necessary to carry out the provisions of the section.

Section 8 of the bill makes a technical amendment to section 3623 (b) of title 39, U.S.C.

COSTS

H.R. 8603, as amended, specifically authorizes appropriations totaling \$1 billion, and other appropriations required to pay the expenses of the Commission on Postal Service. The Congressional Budget Office estimated the cost of the Commission under an earlier provision at \$1.1 million for fiscal year 1977. Since, under the provisions of H.R. 8603, as amended, the Commission would report its recommendations by February 15, 1977, the Commission's expenses should be less than \$1 million on this basis.

By contrast, C.B.O., in its analyses of H.R. 8603 as it was referred to the Committee, S. 2844 as it was introduced, and S. 718 determined the fiscal year 1977 net cost of each to be approximately \$1.3 billion. Further costs, beyond fiscal year 1977, are presented in the analyses which follow.

The Committee on Post Office and Civil Service, in reporting H.R. 8603, as amended, also has reported a resolution for waiver from the provisions of section 402(a) of the Budget Act of 1974 with the understanding that the failure of the Committee of Conference on the First Concurrent Resolution on the Budget to specifically provide for the authorization proposed by the bill did not prejudice its consideration by the Senate.

The Congressional Budget Office analyses of various Postal Service bills, as they were originally presented to the Committee for consideration, follows:

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 13, 1976.

HON. GALE MCGEE,
*Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 2844, Postal Reorganization Act Amendments of 1976.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ROBERT A. LEVINE,
Deputy Director.

CONGRESSIONAL BUDGET OFFICE

COST ESTIMATE, APRIL 13, 1976

1. Bill No.: S. 2844.
2. Bill title: Postal Reorganization Act Amendments of 1976.
3. Purpose of the bill:

General.—The bill: (1) amends Title 39, U.S. Code; (2) provides for changes in the organization, financing, and operation of the United States Postal Service; (3) authorizes increased appropriations; (4) makes changes in the Postal Rate Commission and the ratemaking process; and (5) establishes a 2-year Commission on Postal Service.

Specific.—Section 2(a) provides new authorization for fiscal years 1977, 1978, and 1979. The amount of the appropriation may not exceed 10 percent of the total estimated operating expenses for the fiscal year for which the appropriation is requested.

Section 2(e) requires door or curb delivery to all permanent residential addresses other than apartment buildings or, in cases where local governments approve, cluster box delivery service. This section also requires door delivery in cases where the local government adopts zoning ordinances which, in effect, prohibit curblane delivery.

Section 4 changes certain procedures of the Postal Rate Commission and the ratemaking process by increasing the power of the Chairman and by giving the Commission budget autonomy.

Section 6 relaxes the restrictions on the amount of temporary rate increases and establishes a two-year Commission on Postal Service to study and report on public service functions of the Postal Service, rates, costs, and other issues pertaining to postal operations.

4. Cost estimate:

[In billions of dollars]

	Fiscal year—		
	1977	1978	1979
Section 2(a) ¹	1.300	1.600	1.700
Section 2(e).....	.020	.040	.060
Section 6.....	.001	.001
Total ²	1.300	1.600	1.700

¹ Section 2(a) cost incorporates the additional costs incurred by sections 2(e) and 6. See "Basis for Estimate." Section 2(a) cost is based upon a first-class stamp cost of 14 cents in fiscal year 1977. This level is selected to facilitate comparison with other Postal Service bills.

² This total would be in addition to projected appropriation level.

5. Basis for estimate:

Section 2(a).—S. 2844 limits the level of appropriations for fiscal year 1977 through 1979 to 10 percent of the Postal Service's operating expenses for the fiscal year for which appropriations are requested. Appropriations authorized by the bill may be used for such purposes as Congress deems appropriate. Therefore, in order to estimate the possible budgetary impact of the legislation, it was necessary to project various situations under which Congress might appropriate funds to the Postal Service. The situations selected use the funds to (1) pay off the accumulated operating deficit, (2) hold down future postage rate increases, and (3) pay for new expenses incurred as a result of this legislation.

The cost estimates show different rate schedules for first class postage. (It is assumed that other rates will increase at the same rate as first class rates.) The estimates also assume that the accumulated deficit, which will be \$3.4 billion at the end of the transition quarter, will be paid off over five years. The 5-year period was used to facilitate comparison with other postal bills.

The maximum budget impact under this bill would be \$1.5 billion in fiscal year 1977, \$1.6 billion in fiscal year 1978, and \$1.7 billion in fiscal year 1979. These figures represent 10 percent of the projected Postal Service expenses for the next 3 fiscal years.

BUDGET AUTHORITY LEVELS ASSOCIATED WITH S. 2844

[In billions of dollars and fiscal years]

	Cost of 1st-class stamp (cents)	Accumulated deficit at end of fiscal year	Additional budget impact
Level I—This indicates the level of appropriation necessary to hold the 1st-class rate to a 1¢/yr increase over the next 3 yr:			
1977	14	2.7	1.3
1978	15	2.0	1.6
1979	16	1.4	1.7
Level II—This indicates a level of appropriation which would recover the accumulated deficit over the next 5 yr. This stamp schedule does not allow revenues to cover expenses:			
1977	16	2.7	.7
1978	16	2.0	.7
1979	18	1.3	.8

¹ Under S. 2844, only 10 percent or \$1,700,000,000 may be appropriated.

Section 2(e).—Approximately 11.2 million households are currently receiving curblin service. If this bill was enacted, these people would have to be provided with door delivery service, if local ordinances so ordered. It costs the Postal Service \$49 per household a year to provide door delivery service and \$39 per household to provide curb service. If the Postal Service was forced to change from curb to door delivery, it would cost an additional \$112 million a year, with an additional \$8 million to service new addresses. This would be a gradual cost increase over the five years and probably would not affect more than half of the 12 million households, at most. The additional cost would be \$20 million in fiscal year 1977, \$40 million in fiscal year 1978, \$60 million in fiscal year 1979, \$60 million in fiscal year 1980, and \$60 million in fiscal year 1981.

Section 6.—It is assumed that the Commission on Postal Service would be small with the five members, five assistants and five support staff. It is also assumed that the support services will be contracted out to the General Services Administration. The outside contract costs for consultants will be kept under \$500,000, as the Commission will do almost all of the work designated to it by Congress. The total cost of the Commission would be \$1.1 million in fiscal year 1977 and \$1.2 million in fiscal year 1978.

6. Estimate comparison: Not Applicable.

7. Previous CBO estimate:

CBO CURRENT POLICY POSTAL PROJECTIONS¹

	Fiscal year—				
	1977	1978	1979	1980	1981
Cost of 1st-class stamp (cents).....	17	17	19	19	21
Accumulated deficit (billions).....	\$2.9	\$2.6	\$1.8	\$1.9	\$1.5
Projected appropriation (billions).....	\$1.7	\$1.6	\$1.5	\$1.3	\$1.2

¹ CBO Mar. 15, 1976, Annual Report.

These projections are based upon setting rates to meet operating expenses and to pay off the accumulated deficit by 1984, assuming appropriations remain at the levels provided under current law.

8. Estimate prepared by: Jack Garrity and Ed Chase.

9. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 13, 1976.

HON. GALE MCGEE,
*Chairman, Committee on Post Office and Civil Service, U.S. Senate,
Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 8603, Postal Reorganization Act Amendments of 1975.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ROBERT A. LEVINE,
Deputy Director.

CONGRESSIONAL BUDGET OFFICE

COST ESTIMATE, APRIL 13, 1976

1. Bill No.: H.R. 8603.
2. Bill title: Postal Reorganization Act Amendments of 1975.
3. Purpose of the bill:

General.—This bill amends title 39, U.S. Code, with respect to the organization, financing and operation of the United States Postal Service and the Postal Rate Commission. The bill gives authorization for additional appropriations to the Postal Service to provide a maximum degree of effective and regular postal services throughout the nation. This bill brings the Postal Service back on the budget.

Specific.—Section 2(a) changes the method of financing postal operations by requiring the deposit of postal revenues into the U.S. Treasury. Under the new authorization, Congress would appropriate such funds as are necessary to enable the Postal Service to carry out its responsibilities. The authorization is in addition to existing provisions for appropriations to cover public service costs, revenue lost or foregone, and transition costs. The bill would, however, eliminate the current formula for the public service appropriation and replace it with an open-ended authorization.

Section 2(b) requires door or curblin delivery to all permanent residential addresses other than apartment buildings, or in cases where local governments approve, cluster box delivery service. The bill would

require door delivery in cases where the local government adopts zoning ordinances which, in effect, prohibit curblane delivery.

Section 4 changes certain procedures of the Postal Rate Commission and the rate-making process by giving broader powers to the Chairman, and setting a deadline for decisions on rate proceedings. In addition, the budget of the Postal Rate Commission would be paid out of the U.S. Treasury, not out of the Postal Fund.

Section 8 extends the waiting period for the implementation of temporary rate increases and sets a lower limit on the amount of temporary rate increases.

Section 14 establishes a Commission on Postal Service for a 2-year period to study and report on public service functions of the Postal Service, rates, costs and other issues relating to postal operations.

4. Cost estimate:

	Fiscal year—				
	1977	1978	1979	1980	1981
Sec. 2(a) ¹	15.775	16.755	17.736	18.735	19.935
Sec. 2(b).....	.020	.040	.060	.060	.060
Sec. 4.....	.004	.004	.004	.005	.005
Sec. 14.....	.001	.001			
Total, budget impact.....	15.800	16.800	17.800	18.800	20.000
Net Federal cost ²	1.300	1.600	1.800	2.500	2.700

¹ See Basis for Estimate: This bill brings the Postal Service back on the budget. The "Total budget impact" does not include Postal revenues deposited in the U.S. Treasury; the "Net Federal cost" does include these revenues. This level was selected to facilitate comparison with other Postal Service bills.

² This "Net Federal cost" would be in addition to the projected appropriation level.

5. Basis for estimate:

Section 2(a).—H.R. 8603 would put the Postal Service back on budget, therefore the cost estimate provides a column for "Budgetary Impact" and a column for "Net Cost." The "Net Cost" is added to help in comparison with other postal bills. Appropriations under the bill can be used for such broad purposes as to provide for an efficient service-oriented Postal Service. The annual level of appropriations is left to be decided by Congress.

Therefore, in order to estimate the possible budgetary impact of the legislation, it was necessary to project various situations under which Congress might appropriate funds to the Postal Service. The situations selected use the funds to: (1) pay off the accumulated operating deficit, (2) hold down future postal rate increases, and (3) pay for new expenses incurred as a result of the legislation.

The cost estimates show different rate schedules for first class postage. (It is assumed that other rates will increase at the same rate as first class rates.) The estimates also assume that the accumulated deficit, which will be \$3.4 billion at the end of the transition quarter, will be paid off over 5 years.

BUDGET AUTHORITY LEVELS ASSOCIATED WITH H.R. 8603

[In billions of dollars and fiscal years]

	Cost of 1st-class stamp (cents)	Accumulated deficit at end of fiscal year	Budgetary impact	Net cost
Level I—This indicates the level of appropriation necessary to hold the 1st-class rate to a 1-cent-per-year increase over the next 5 years:				
1977.....	14	2.7	15.8	1.3
1978.....	15	2.0	16.8	1.6
1979.....	16	1.3	17.8	1.8
1980.....	17	.6	18.8	2.5
1981.....	18	-----	20.0	2.7
Level II—This indicates a level of appropriation which would recover the accumulated deficit over the next 5 years. This stamp schedule does not allow revenues to cover expenses:				
1977.....	16	2.7	15.9	.7
1978.....	16	2.0	16.3	.7
1979.....	18	1.3	17.9	.8
1980.....	20	.6	18.6	.8
1981.....	21	-----	19.7	.7
Level III—This indicates the level of appropriation necessary to maintain the 1st-class rate at its present level for the next 5 years:				
1977.....	13	2.7	15.8	1.6
1978.....	13	2.0	16.9	2.6
1979.....	13	1.3	18.0	3.7
1980.....	13	.6	19.0	4.6
1981.....	13	-----	20.2	5.7

Section 2(b).—Approximately 11.2 million households are currently receiving curblin service. If this bill were to be enacted, these households would have to be provided with door delivery service, if local ordinances so ordered. It costs the Postal Service \$49 per household per year to provide door delivery service and \$39 to provide curb service. If the Postal Service was forced to change from curb to door delivery, it would cost an additional \$112 million a year, with an additional \$8 million to service new addresses. This would be a gradual cost increase over the five years and probably would not affect more than half of the 12 million households, at the most. The additional cost would be \$20 million in fiscal year 1977, \$40 million in fiscal year 1978, \$60 million in fiscal year 1979, \$60 million in fiscal year 1980, and \$60 million fiscal year 1981.

Section 4.—This brings the Postal Rate Commission on budget as a new appropriation separate from the Postal Service Fund. It has been assumed that the new appropriation will be the same magnitude as the funding from the Postal Service Fund, and that there is no corresponding reduction in the appropriation to the Postal Service Fund.

Section 14.—This is based on the assumption that the Commission will have a total staff of fifteen: five members, five assistants, and five support staff. It is also assumed that the support services will be contracted out to the General Services Administration. The outside contract costs for consultants will be kept under \$500,000, as the Commission will do almost all of the work designated to it by Congress. The total cost of the Commission would be \$1.1 million in fiscal year 1977 and \$1.2 million in fiscal year 1978.

6. Estimate comparison: None.

7. Previous CBO estimate:

CBO CURRENT POLICY POSTAL PROJECTIONS¹

[Fiscal years]

	1977	1978	1979	1980	1981
Cost of 1st-class stamp (cents).....	17	17	19	19	21
Accumulated deficit (billions).....	\$2.9	\$2.6	\$1.8	\$1.9	\$1.5
Projected appropriation (billions).....	\$1.7	\$1.6	\$1.5	\$1.3	\$1.2

¹ CBO Mar. 15, 1976, Annual Report.

These projections are based upon setting rates to meet operating expenses and to pay off the accumulated deficit by 1984, assuming appropriations remain at the levels provided under current law.

8. Estimate prepared by : Jack Garrity and Ed Chase.

9. Estimate approved by : James L. Blum, for Assistant Director for Budget Analysis.

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 13, 1976.

Hon. GALE MCGEE,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN : Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 718, United States Postal Service Amendments of 1975.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ROBERT A. LEVINE,
Deputy Director.

CONGRESSIONAL BUDGET OFFICE

COST ESTIMATE, APRIL 13, 1976

1. Bill No. : S. 718.

2. Bill title : United States Postal Service Amendments of 1975.

3. Purpose of bill :

General.—This bill amends Title 39, United States Code, with respect to the organization, financing and operation of the United States Postal Service. It would include changes in the Postal Rate Commission and the rate making process. The bill also authorizes additional appropriations to the Postal Service Fund.

Specific.—Section 2 reorganizes the management of the Postal Service by eliminating the Board of Governors and making certain changes to the appointment and compensation procedures for postal officials.

Section 3 changes certain procedures of the Postal Rate Commission and the rate making process by making the Commission the final authority on rate increases, extending the waiting period before a temporary rate can be put into effect, setting a lower limit on the amount of temporary rate increases, and authorizing to be appropriated such sums as may be necessary to pay the expenses of the Postal Rate Commission.

Section 5a prohibits the borrowing of money for operating expenses.

Section 5c authorizes to be appropriated to the Postal Service such additional sums as may be determined to be necessary for an efficient service oriented postal service.

Section 6 requires that employee compensation be based on comparability with the federal government rather than the private sector.

4. Cost estimate:

[In billions of dollars and fiscal years]

	1977	1978	1979	1980	1981
Sec. 3c.....	0.004	0.004	0.004	+	0.005
Sec. 5c ¹	1.300	1.600	1.700	+	2.600
Total ²	1.304	1.604	1.704	2.405	2.605

¹ Sec. 5(c) cost is based upon a 1st-class stamp cost of 14 cents in fiscal year 1977. This level was selected to facilitate comparison with other Postal Service bills. See "Basis for estimate."

² This total would be in addition to the projected appropriation level.

5. Basis for estimate:

Section 3c.—This section authorizes new appropriations to pay for the Postal Rate Commission. The Commission is now funded by the Postal Service Fund and the new appropriation would decrease the Postal Service's expenses, but would not necessarily decrease appropriations for the Postal Service Fund. It has been assumed that the new appropriation would be equal to the Postal Rate Commission budget and there would be no decrease to the Fund. The Commission's budget will be \$3.725 million in fiscal year 1977, \$4.004 million in fiscal year 1978, \$4.304 million in fiscal year 1979, \$4.627 million in fiscal year 1980, and \$4.974 million in fiscal year 1981.

Section 5c.—S. 718 authorizes such sums as are necessary to be appropriated to the Postal Service for an efficient service-oriented Postal Service. The annual level of appropriation is left to be decided by Congress.

Therefore, in order to estimate the possible budgetary impact of the bill, it was necessary to project various situations under which Congress might appropriate funds to the Postal Service. The situations selected use the funds to: (1) pay off the accumulated operating deficit, and (2) hold down future postage rate increases.

The cost estimates show different rate schedules for first class postage. (It is assumed that all rates will increase at the same rate as first class rates.) The estimates also assume that the accumulated deficit, which will be \$3.4 billion at the end of the transition quarter, will be paid off over 5 years.

BUDGET AUTHORITY LEVELS ASSOCIATED WITH S. 718

(In billions of dollars and fiscal years)

	Cost of 1st class stamp (cents)	Accumulated deficit at end of fiscal year	Additional budget impact
Level I—This indicates the level of appropriation necessary to hold the 1st class rate to a 1 cent per year increase over the next 5 years:			
1977.....	14	2.7	1.3
1978.....	15	2.0	1.6
1979.....	16	1.3	1.7
1980.....	17	.6	2.4
1981.....	18	-----	2.6
Level II—This indicates a level of appropriation which would recover the accumulated deficit over the next 5 years. This stamp schedule does not allow revenues to cover expenses:			
1977.....	16	2.7	.7
1978.....	16	2.0	.7
1979.....	18	1.3	.7
1980.....	20	.6	.7
1981.....	21	-----	.6
Level III—This indicates the level of appropriation necessary to maintain the first class rate at its present level for the next 5 years:			
1977.....	13	2.7	1.6
1978.....	13	2.0	2.6
1979.....	13	1.3	3.6
1980.....	13	.6	4.5
1981.....	13	-----	5.6

6. Estimate comparison: None.

7. Previous CBO estimate:

CBO CURRENT POLICY POSTAL PROJECTIONS¹

(Fiscal years)

	1977	1987	1979	1980	1981
Cost of 1st-class stamp (cents).....	17	17	19	19	24
Accumulated deficit (billions).....	\$2.9	\$2.6	\$1.8	\$1.9	\$1.5
Projected appropriations (billions).....	\$1.7	\$1.6	\$1.5	\$1.3	\$1.2

¹ CBO Mar. 15, 1976, Annual Report.

These projections are based upon setting rates to meet operating expenses and to pay off the accumulated deficit by 1984, assuming appropriations remain at the levels provided under current law.

8. Estimate prepared by: Jack Garrity and Ed Chase.

9. Estimate approved by: James L. Blum, for Assistant Director for Budget Analysis.

POSTAL SERVICE VIEWS

Following are the views of the Postal Service on S. 2844, the bill considered by the Senate committee.

U.S. POSTAL SERVICE,
LAW DEPARTMENT,
Washington, D.C., March 18, 1976.

HON. GALE MCGEE,
*Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reponse to your request for the views of the Postal Service on S. 2844, "To amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes."

The Postmaster General testified before your Committee on this bill on January 27, 1976. He said the Postal Service favors what we understand to be the heart of S. 2844, namely, the creation of a commission to study the public service function of the Postal Service and an interim increase in the public service funding authorization in the amount of 10 percent of the estimated operating expenses of the Postal Service each year for three years. Both the danger of the present deficit position of the Postal Service and increasingly significant trends in the development of substitutes for mail service make these measures particularly important at this time. The Postmaster General's testimony also discussed particular provisions of the bill and promised that more detailed comments on the entire proposal would be provided in writing. These detailed comments are provided below, section by section.

Section 2 of the bill would amend section 2401(b) of title 39 by striking out paragraph (3) and adding new subsections (d), (e), and (f). New subsection (d) would authorize appropriations to the Postal Service for each of the fiscal years ending September 30, 1977, 1978, and 1979 in an amount not exceeding 10 percent of the total estimated operating expenses of the Postal Service for the fiscal year for which such appropriations are requested. Subsection (d) also provides that the Postal Service, in requesting appropriations under this subsection and subsection (b), must file with the appropriate congressional committees¹ a detailed statement relating to (1) postal plans, policies, and procedures designed to comply with 39 U.S.C. 101, (2) the operations of the Postal Service, including the use of revenues, appropriations, and borrowed funds, (3) estimates as to revenue requirements of the Postal Service and the means to be used in financing total estimated costs, and (4) such other matters as the congressional committees may determine are needed.

In view of its present financial crisis, the Postal Service fully supports an interim increase in the public service funding authorization of 10% of the estimated operating expenses of the Postal Service. We recognize that such additional emergency funding would carry with it an obligation to keep postal rates as low as possible. Accordingly,

¹ The "appropriate" congressional committees presumably would be the Appropriations Committees of the House and Senate since such information is to be presented when requesting appropriations. Similar language is contained in present 39 U.S.C. 2401(b)(3) pursuant to which a "compliance statement" has been presented to the two appropriations committees each year.

the efforts of the Postal Service to reduce costs in a responsible manner would continue despite the availability of increased appropriations funding.

We do have a drafting suggestion to make in this respect. We would recommend that the Committee authorize a definite amount to be appropriated rather than a "not to exceed" amount. This is the manner in which the existing public service authorization is drafted. Moreover, postal rates must be set on the assumption that a specific sum will be appropriated, not just a maximum amount. Accordingly, we recommend the deletion of the words "an amount not exceeding" in the first sentence of subsection (d).

Proposed new subsection (e) would attach to the public service authorization a provision intended to inhibit the use of curbside or cluster box residential delivery modes in urbanized areas. Delivery to the door would be required (except in the case of apartments) wherever local zoning ordinances prohibit, for safety reasons, the maintenance of any structure—presumably such as utility poles and fences—on the property adjacent to the curbside. Cluster box delivery would be prohibited except where approved by the local government. However, under the first sentence of proposed subsection (e), these restrictions would not apply if the Post Service does not receive the appropriations authorized under subsections (b) and (d) of section 2401.

We oppose these restrictions. If the Postal Service is to make an effort at sensible economies given the long-term financial realities that must be faced, the judicious use of curbside and cluster box delivery modes is an essential and a modest step in that direction.

In addition, proposed section 2401(e) would create a number of problems of administration. It is not clear that the appropriate unit of local government could be identified in all cases. Assuming the right unit is known, there are no standards respecting the substance, timing, or term of effect of the actions required of that unit to record its permitted decisions. The applicability of the whole provision also could vary from year to year depending upon the availability of appropriations. All of these factors would tend to make the implementation of the provision confusing, inconsistent, and episodic.

In the House, the provision in H.R. 8603 with respect to curbside delivery was revised in response to our view that an unconditional, vague, and standardless delegation of Federal decisionmaking responsibility to local authorities would be of questionable constitutionality. However, the cluster box provision, which still suffers from the same difficulties, was not revised in H.R. 8603, as passed the House, and has been included in S. 2844 in the same form. If some provision of this kind is to be enacted, we believe that any local authority over proposed curbside or cluster box delivery should be governed by the same or similar standards, such as the safety standard proposed by the last sentence of the curbside delivery restriction (proposed section 2401(e)(1)).

There is also a substantial ambiguity in the phrasing of the first sentence of proposed section 2401(e)(1), which makes the service requirement applicable only during any fiscal year for which Congress has appropriated all of the funds authorized under subsection (b) or (d) of this section. To resolve the ambiguity, in the context of this bill,

we would construe the word "or" in its conjunctive usage, meaning the equivalent of "and", rather than in its disjunctive usage. Thus, the obligation of the Postal Service to provide door or curbside delivery apparently would cease if Congress failed to appropriate all of the funds authorized under both subsections (b) *and* (d). It is clear that the two authorizations are intended to be cumulative. One would have to ignore the documented financial plight of the Postal Service, quite aside from the effect of any additional door or curbside delivery requirements, to read this bill as imposing new delivery burdens on the Postal Service but providing no additional funds with which to carry them out. There is additional evidence of the intention of the drafters of the bill in proposed section 2401(e) (3), which states that "the failure of the President to request the appropriation of *any* of the funds authorized * * * may not be deemed a failure of appropriations * * *." (emphasis added). This language clearly implies that the failure of *either* of the authorized appropriations would lift the delivery requirements.

The Postal Service objects to proposed new section 2401(f), which would require that the rates for zone-rated fourth-class mail not be more than 10 percent less than the rates would be if the funds authorized were not appropriated. Public service appropriations are justified because the postal system must provide universal service, even in remote areas. Parcel post, like other mail services, is provided nationwide. Like other classes of mail, it should be relieved of the public service cost burden through appropriations.

Sections 3 and 4 of the bill propose certain amendments with respect to the appointment and administration of the Postal Rate Commission. We have no objection to these proposals, except for proposed section 3604(d), which would, among other things, permit the Postal Rate Commission to obtain whatever funds it desires from the Postal Service Fund. Under present law, the Postal Service finances the Commission budget, but the Governors exercise a limited power of review over the total amount. We believe that this system has been fair and reasonable. We do not understand how it could be considered appropriate to provide the Commission with absolutely unlimited spending authority, to be covered from Postal Service income. As compared to this proposal, we would prefer the House-passed proposal to finance the Commission through funds appropriated from the general fund of the Treasury.

Section 5 of the bill proposes to introduce the requirement that the Postal Rate Commission's recommended decisions be produced within 10 months. This is a highly important amendment much deserving enactment. The protracted duration of the 23-month rate proceeding concluded last August caused a long period in which costs increasingly exceeded revenues. Another better-than-a-billion dollar loss of this kind would be intolerable. With the progress that the Commission now has made in resolving basic conceptual issues, we believe that a 10-month period would be fair and well within reason if proper discipline is applied.

The provision includes a qualification under which the Commission might extend the 10-month deadline by attributing delays to dereliction by the Postal Service. We have doubts about this provision, so long as it is tied to a delay in temporary rates, since it would punish not postal managers but those who need the services that the Postal

Service could be unable to finance during a period of protracted delay. At the least, such a provision should be modified to require unanimous concurrence by the Commissioners.

Section 6(a) would postpone the waiting period before the Postal Service may impose temporary rates or classification changes for at least an additional 17 months after the Postal Service submits proposed changes. There would be no temporary rate authority so long as the Postal Rate Commission completes its job of providing a recommended decision within the required time period. We strongly oppose this proposal. Like the General Accounting Office in testimony before the Committee, we believe that it is vital for the Postal Service to retain the ability to increase its revenues without substantial delay whenever it is faced with rapidly escalating costs, as has recently been the case and may be again. The Postal Service simply cannot afford to wait for 10 months or longer for additional revenues if costs are already exceeding revenues to the extent that a proposal for permanent increases is justified. Such statutorily created delays could insure that the present situation, in which deficits produced by rate delays threaten the health of the postal system unless emergency appropriations are enacted, will be a recurring phenomenon.

Section 6(a) also would enact a new section 3641(d) to extend the term of temporary rate and classification changes, once effective, from 30 to not more than 150 days after the Commission's recommended decision. This proposal would not be needed in its present form if the proposed repeal of the present 90-day waiting period for making temporary changes, despite our objection, is accepted. However, some extension of the present 30-day period is necessary if the provision of 39 U.S.C. § 3625 permitting the Governors to resubmit a recommended decision to the Commission for reconsideration is to have much practical significance. At present, that provision has limited utility because then-effective temporary changes would lapse. We recommended that the proposal be amended to provide that temporary rates may remain in effect no longer than 30 days after the date the Commission transmits its initial recommended decision, or its recommended decision after reconsideration, as the case may be, to the Governors.

In line with the proposal to require Postal Rate Commission decisions to be completed within 10 months, we recommend that 39 U.S.C. 3624(a) be amended to provide for the Commission to develop recommended decisions with respect to mail classification matters through "Notice and Comment" rulemaking under section 553 of title 5 rather than administrative litigation under sections 556 and 557 of that title. We believe that the same change should be made with respect to advisory opinions on service change determinations covered by 39 U.S.C. 3661. Of the Administrative Procedure Act's two principal procedures, "Notice and Comment" rulemaking is the one designed to enable decisionmakers to draw together and reconcile numerous threads of a public policy character. Administration litigation (rulemaking "on the record after opportunity for an agency hearing") is the one intended for use in producing decisions turning primarily upon provable facts. In our judgment, mail classification and service change decisions are primarily of the former character; postal rate decisions, which focus on proof of measurable cost relationships, are primarily of the latter. Appropriate amendments are appended to this report.

Section 7 of the bill ² would establish a two-year study commission to investigate and propose legislation with respect to the cost of public service aspects of the Postal Service and with respect to the functions and procedures of the Postal Rate Commission. The Postal Service is in favor of the creation of such a commission. The continuing general inflation of costs appears to have invalidated some of the assumptions upon which the public service appropriation provided in 39 U.S.C. § 2401(b) was based. Moreover, developing electronics and computer technologies promise to have a far-reaching effect on the nature and utility of postal services and the health of postal finances in the immediate future. In addition, Postal Rate Commission proceedings have not kept pace with the speed of events and have been unduly costly in time and money for all concerned. Accordingly, we believe that a thorough review of these matters by an impartial commission is warranted.

Sincerely,

LOUIS A. COX,
General Counsel.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law in which no change is proposed is shown in roman; existing law proposed to be omitted is enclosed in black brackets; new matter is shown in *italic*):

TITLE 39, UNITED STATES CODE

U.S. POSTAL SERVICE

* * * * *

PART III—MODERNIZATION AND FISCAL ADMINISTRATION

CHAPTER 20.—FINANCE

SEC.

- 2001. Definitions.
- 2002. Capital of the Postal Service.
- 2003. The Postal Service Fund.
- 2004. Transitional appropriations.
- 2005. Obligations.
- 2006. Relationship between the Treasury and the Postal Service.
- 2007. Public debt character of the obligations of the Postal Service.
- 2008. Audit and expenditures.
- 2009. Annual budget.
- 2010. Restrictions on agreements.

* * * * *

§ 2003. The Postal Service Fund.

(a) There is established in the Treasury of the United States a revolving fund to be called the Postal Service Fund which shall be available to the Postal Service without fiscal-year limitation to carry out the purposes, functions, and powers authorized by this title.

² There is a technical error in section 7(d)(3). The reference to "section 5703(b) of title 5" should read "section 5703 of title 5" inasmuch as that section is no longer divided into subsections.

(b) There shall be deposited in the Fund, subject to withdrawal by check by the Postal Service—

(1) revenues from postal and nonpostal services rendered by the Postal Service;

(2) amounts received from obligations issued by the Postal Service;

(3) amounts appropriated for the use of the Postal Service;

(4) interest which may be earned on investments of the Fund;

(5) any other receipts of the Postal Service; and

(6) the balance in the Post Office Department Fund established under former section 2202 of title 39 as of the commencement of operations of the Postal Service.

(c) If the Postal Service determines that the moneys of the Fund are in excess of current needs, it may request the investment of such amounts as it deems advisable by the Secretary of the Treasury in obligations of, or obligations guaranteed by, the Government of the United States, and, with the approval of the Secretary, in such other obligations or securities as it deems appropriate.

(d) With the approval of the Secretary of the Treasury, the Postal Service may deposit moneys of the Fund in any Federal Reserve bank, any depository for public funds, or in such other places and in such manner as the Postal Service and the Secretary may mutually agree.

(e) The Fund shall be available for the payment of all expenses incurred by the Postal Service in carrying out its functions under this title and, subject to the provisions of section 3604 of this title, all of the expenses of the Postal Rate Commission. Neither the Fund nor any of the funds credited to it shall be subject to apportionment under the provisions of section 665 of title 31.

(f) Notwithstanding any other provision of this section any amounts appropriated to the Postal Service under subsection (d) of section 2401 of this title and deposited into the Fund shall be expended by the Postal Service only for the purposes provided in such subsection.

* * * * *

CHAPTER 24.—APPROPRIATIONS AND ANNUAL REPORT

SEC.

2401. Appropriations.

2402. Annual report.

§ 2401. Appropriations

(a) There are appropriated to the Postal Service all revenues received by the Postal Service.

(b) (1) As reimbursement to the Postal Service for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide, in communities where post offices may not be deemed self-sustaining, as elsewhere, there are authorized to be appropriated to the Postal Service the following amounts:

(A) for each of the fiscal years 1972 through 1979, an amount equal to 10 percent of the sum appropriated to the former Post Office Department by Act of Congress for its use in fiscal year 1971;

(B) for fiscal year 1980, an amount equal to 9 percent of such sum for fiscal year 1971;

(C) for fiscal year 1981, an amount equal to 8 percent of such sum for fiscal year 1971;

(D) for fiscal year 1982, an amount equal to 7 percent of such sum for fiscal year 1971;

(E) for fiscal year 1983, an amount equal to 6 percent of such sum for fiscal year 1971;

(F) for fiscal year 1984, an amount equal to 5 percent of such sum for fiscal year 1971; and

(G) except as provided in paragraph (2) of this subsection, for each fiscal year thereafter an amount equal to 5 percent of such sum for fiscal year 1971.

(2) After fiscal year 1984, the Postal Service may reduce the percentage figure in paragraph (1) (G) of this subsection, including a reduction to 0, if the Postal Service finds that the amounts determined under such paragraph are no longer required to operate the Postal Service in accordance with the policies of this title.

[(3) The Postal Service, in requesting amounts to be appropriated under this subsection, shall present to the appropriate committees of the Congress a comprehensive statement of its compliance with the public service cost policy established under section 101 (b) of this title.]

(c) There are authorized to be appropriated to the Postal Service each year a sum determined by the Postal Service to be equal to the difference between the revenues the Postal Service would have received if sections 3217, 3403-3405, and 3626 of this title and the Federal Voting Assistance Act of 1955 had not been enacted and the estimated revenues to be received on mail carried under such sections and Act.

(d) (1) *There is authorized to be appropriated to the Postal Service \$500,000,000 to be applied against the amount of the accumulated operating indebtedness of the Postal Service as of September 30, 1976.*

(2) *There is authorized to be appropriated to the Postal Service \$500,000,000 to be applied against the amount of the accumulated operating indebtedness of the Postal Service as of September 30, 1977.*

(e) *During the period beginning on the date of the appropriation of the funds under subsection (d) (1) and ending on the date on which the Commission on Postal Service is required to transmit the final report required under section 7 (f) (1) of the Postal Reorganization Act Amendments of 1976 to the President and each House of Congress, the Postal Service shall not—*

(1) have in effect any permanent or temporary rate of postage or fee for postal services exceeding the rates and fees in effect on the date of enactment of the Postal Reorganization Act Amendments of 1976;

(2) provide levels and types of postal services which are less than the levels and types of services provided on July 1, 1976;

(3) close any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976; or

(4) close any post office where fewer than 35 families receive their mail and which was providing service on July 1, 1976, unless the Postal Service receives the written consent of at least 60 per-

cent of the regular patrons of such office who are at least 18 years of age.

(f) During the period beginning on the date of the appropriation of the funds under subsection (d) (1) and ending on the date on which the Commission on Postal Service is required to transmit the final report required under section 7(f) (1) of the Postal Reorganization Act Amendments of 1976 to the President and each House of Congress, the Postal Service shall provide door delivery or curblane delivery to all permanent residential addresses (other than apartment building addresses) to which service is begun on or after the date of enactment of the Postal Reorganization Act Amendments of 1976.

(g) In requesting amounts to be appropriated under this section, the Postal Service shall present to the Committees on Post Office and Civil Service and the Committees on Appropriations of the Senate and the House of Representatives sufficient copies of the budget of the Postal Service for the fiscal year for which funds are requested to be appropriated, and a comprehensive statement relating to the following matters:

(1) the plans, policies, and procedures of the Postal Service designed to comply with all of the provisions of section 101 of this title;

(2) postal operations generally, including data on the speed and reliability of service provided for the various classes of mail and types of mail service, mail volume, productivity, trends in postal operations, and analyses of the impact of internal and external factors upon the Postal Service;

(3) estimates of the total expenditures and obligations incurred or to be incurred by the Postal Service for the most recent fiscal year for which information is available and for the fiscal year for which funds are requested to be appropriated, and the means by which these estimated expenses will be financed; and

(4) such other matters as the committees may determine necessary to insure that the Congress is fully and currently consulted and informed on postal operations, plans, and policies.

(h) The Postal Service shall request an opportunity to appear before the Post Office and Civil Service Committees of the Senate and the House of Representatives to present testimony and respond to questions with respect to such budget and statement. Upon receipt of such request, each such committee shall take such action as it considers appropriate and shall advise the Postal Service of such action.

(i) The failure of the President to request the appropriation of any part of the funds authorized by this section may not be deemed a failure of appropriations. The failure of the President to request the appropriation of any part of the funds authorized by this section shall not relieve the Postal Service from the responsibility to comply with the provisions of subsections (e), (f), and (g) of this section.

(j) The rates established under chapter 36 of this title for zone-rated parcels formerly entered under former chapter 67 of this title shall not be more than 10 percent less than the rates for such mail would be if the funds authorized under subsection (d) of this section were not appropriated.

CHAPTER 36.—POSTAL RATES, CLASSES, AND SERVICES

SUBCHAPTER I—POSTAL RATE COMMISSION

SEC.

- 3601. Establishment.
- 3602. Terms of office.
- 3603. Rules; regulations; procedures.
- 3604. Administration.

SUBCHAPTER II—PERMANENT RATES AND CLASSES OF MAIL

- 3621. Authority to fix rates and classes.
- 3622. Rates and fees.
- 3623. Mail classification.
- 3624. Recommended decisions of Commission.
- 3625. Action of the Governors.
- 3626. Reduced rates.
- 3627. Adjusting free and reduced rates.
- 3628. Appellate review.

SUBCHAPTER III—TEMPORARY RATES AND CLASSES

- 3641. Temporary changes in rates and classes.

SUBCHAPTER IV—POSTAL SERVICES AND COMPLAINTS

- 3661. Postal services.
- 3662. Rate and service complaints.

SUBCHAPTER V—GENERAL

- 3681. Reimbursement.
- 3682. Size and weight limits.
- 3683. Uniform rates for books; films; other materials.
- 3684. Limitations.
- 3685. Filing of information relating to periodical publications.

SUBCHAPTER I—POSTAL RATE COMMISSION

§ 3601. Establishment

【There is established as an independent establishment of the executive branch of the Government of the United States, the Postal Rate Commission composed of 5 Commissioners appointed by the President, not more than 3 of whom may be adherents of the same political party. One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed only in accordance with section 7521 of title 5.】

(a) *The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more than 3 of the Commissioners may be adherents of the same political party.*

(b) *A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.*

(c) *One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.*

(d) *The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the chairman.*

(b) *The provisions of section 3601(a) of title 39, United States Code, as amended by subsection (a) of this section, shall not apply with respect to any Commissioner of the Postal Rate Commission holding office on the date of the enactment of this Act, except that such provisions shall apply to any appointment of such a Commissioner occurring after the date of the enactment of this Act.*

§ 3603. Rules; regulations; procedures

The Postal Rate Commission shall promulgate rules and regulations and establish procedures, subject to chapters 5 and 7 of title 5, and take any other action they deem necessary and proper to carry out their functions and obligations to the Government of the United States and the people as prescribed under this chapter. Such rules, regulations, procedures, and actions shall not be subject to any change or supervision by the Postal Service.

§ 3604. Administration

【(a) The Chairman of the Postal Rate Commission shall have the administrative responsibility for assigning the business of the Commission to the other Commissioners and to the officers and employees of the Commission. All final acts of the Commissioners shall be by a vote of an absolute majority thereof.

【(b) The Commission may obtain such facilities and supplies, and appoint and fix the compensation of such officers and employees, as may be necessary to permit the Commission to carry out its functions. The officers and employees so appointed (1) shall be paid at rates of compensation, and shall be entitled to programs offering employee benefits, established under chapter 10 or 12 of this title, as appropriate, and (2) shall be responsible solely to the Commissioners.

【(c)(1) The Commission shall periodically prepare and submit to the Postal Service a budget of the Commission's expenses, including but not limited to expenses for facilities, supplies, compensation, and employee benefits. The budget shall be considered approved—

【(A) as submitted if the Governors fail to act in accordance with clause (B) of this paragraph; or

【(B) as adjusted if the Governors holding office, by unanimous written decision, adjust the total amount of money requested in the budget.

Clause (B) shall not be construed to authorized the Governors to adjust any item included within the budget.

【(2) Expenses incurred under any budget approved under paragraph (1) of this subsection shall be paid out of the Postal Service Fund established under section 2003 of this title.

【(d) The provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate.】

(a) *The Chairman of the Postal Rate Commission shall be the principal executive officer of the Commission. The Chairman shall exercise or direct the exercise of all the executive and administrative func-*

tions of the Commission, including functions of the Commission with respect to (1) the appointment of personnel employed under the Commission, except that the appointment of the heads of major administrative units under the Commission shall require the approval of a majority of the members of the Commission, (2) the supervision of the personnel employed under the Commission and the distribution of business among them and among the Commissioners, and (3) the use and expenditure of funds.

(b) In carrying out any of his functions under this section, the Chairman shall be governed by the general policies of the Commission.

(c) The Chairman may obtain such facilities and supplies as may be necessary to permit the Commission to carry out its functions. Any officer or employee appointed under this section shall be paid at rates of compensation and shall be entitled to programs offering employee benefits established under chapter 10 or chapter 12 of this title, as appropriate.

(d) (1) The Commission shall periodically prepare and submit to the Postal Service a budget of the Commission's expenses, including, but not limited to, expenses for facilities, supplies, compensation, and employee benefits. The budget shall be considered approved—

(A) as submitted if the Governors fail to act in accordance with Subparagraph (B) of this paragraph; or

(B) as adjusted if the Governors holding office, by unanimous written decision, adjust the total amount of money requested in the budget.

Subparagraph (B) shall not be construed to authorize the Governors to adjust any item included within the budget.

(2) Expenses incurred under any budget approved under paragraph (1) of this subsection shall be paid out of the Postal Service Fund established under section 2003 of this title.

(e) The provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate.

* * * * *

§ 3623. Mail classification

(a) Within 2 years after the effective date of this subchapter, the Postal Service shall request the Postal Rate Commission to make a recommended decision on establishing a mail classification schedule in accordance with the provisions of this section.

(b) Following the establishment of the mail classification schedule requested under subsection (a) of this section, the Postal Service may from time to time request that the Commission submit, or the Commission may submit to the [Postal Service] Governors on its own initiative, a recommended decision on changes in the mail classification schedule.

(c) The Commission shall make a recommended decision on establishing or changing the schedule in accordance with the policies of this title and the following factors:

(1) the establishment and maintenance of a fair and equitable classification system for all mail;

(2) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;

(3) the importance of providing classifications with extremely high degrees of reliability and speed of delivery;

(4) the importance of providing classifications which do not require an extremely high degree of reliability and speed of delivery;

(5) the desirability of special classifications from the point of view of both the user and of the Postal Service; and

(6) such other factors as the Commission may deem appropriate.

(d) The Postal Service shall maintain one or more classes of mail for the transmission of letters sealed against inspection. The rate for each such class shall be uniform throughout the United States, its territories, and possessions. One such class shall provide for the most expeditious handling and transportation afforded mail matter by the Postal Service. No letter of such a class of domestic origin shall be opened except under authority of a search warrant authorized by law, or by an officer or employee of the Postal Service for the sole purpose of determining an address at which the letter can be delivered, or pursuant to the authorization of the addressee.

§ 3624. Recommended decisions of Commission

(a) The Postal Rate Commission shall promptly consider a request made under section 3622 or 3623 of this title, except that the Commission shall not recommended a decision until the opportunity for a hearing on the record under sections 556 and 557 of title 5 has been accorded to the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public.

(b) In order to conduct its proceedings with utmost expedition consistent with procedural fairness to the parties, the Commission may (without limitation) adopt rules which provide for—

(1) the advance submission of written testimony;

(2) the conduct of prehearing conferences to define issues, and for other purposes to insure orderly and expeditious proceedings;

(3) discovery both from the Postal Service and the parties to the proceedings;

(4) limitation of testimony; and

(5) the conduct of the entire proceedings off the record with the consent of the parties.

(c) *(1) Except as provided by paragraph (2) of this subsection, in any case in which the Postal Service makes a request under section 3622 of this title for a recommended decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services the Commission shall transmit its recommended decision to the Governors under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.*

(2) In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request made by the Postal Service under section 3622 by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) of this subsection by one day for each day of such delay.

(b) The amendment made by subsection (a) shall not apply to any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, requested on September 18,

1975, by the United States Postal Service in a request which bears or which at any time has been included under Postal Rate Commission Docket Number R76-1.

[(c)](d) The Commission shall transmit its recommended decision in a rate, fee, or classification matter to the Governors. The recommended decision shall include a statement specifically responsive to the criteria established under section 3622 or 3623, as the case may be.

* * * * *

SUBCHAPTER III—TEMPORARY RATES AND CLASSES

§ 3641. Temporary changes in rates and classes

[(a)] If the Postal Rate Commission does not transmit to the Governors within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has resubmitted, to the Commission a request for a recommended decision on a change in rates of postage or in fees for postal services, or on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days' notice in the Federal Register, may place into effect temporary changes in rates of postage, in fees for postal service, or in the mail classification schedule it considers appropriate to carry out the provisions of this title. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its recommended decision to the Governors.

[(b)] If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, in fees for postal services, or in the mail classification schedule.

[(c)] A rate of postage for a class of mail or a fee for a postal service under a temporary change under this section may not exceed the lesser of (1) the rate or fee requested for such class or service, or (2) a rate or fee which is more than one-third greater than the permanent rate or fee in effect for that class or service at the time a permanent change in the rate or fee of such class or service is requested under section 3622 of this title.]

(a) In any case in which the Postal Rate Commission fails to transmit a recommended decision on a change in rates of postage or in fees for postal services to the Governors in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage and in fees for postal services in accordance with the proposed changes under consideration by the Commission. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.

(b) Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated income, including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.

(c) Notwithstanding the provisions of subsection (b), the Postal Service may not establish any temporary rate for a class of mail or

any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.

(d) Any temporary change in rates of postage or in fees for postal service made by the Postal Service under this section shall remain in effect no longer than 150 days after the date on which the Commission transmits its recommended decision to the Governors under section 3624(d) of this title, unless such temporary change is terminated by the Governors before the expiration of such period.

(e) If the Postal Rate Commission does not transmit to the Governors within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has resubmitted, to the Commission a request for a recommended decision on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days' notice in the Federal Register, may place into effect temporary changes in the mail classification schedule in accordance with proposed changes under consideration by the Commission. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its recommended decision to the Governors.

(f) If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, and fees for postal services, or in the mail classification schedule.

(b) (1) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage and in fees for postal services requested on September 18, 1975, by the United States Postal Service in a request which bears or which at any time has been included under Postal Rate Commission Docket Number R76-1.

(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of the enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a recommended decision, bearing Docket Number R76-1.

SUPPLEMENTAL VIEWS OF SENATOR ERNEST F. HOLLINGS

The basic difference that I have with the leadership over H.R. 8603 is the leadership's disowning of our oversight responsibility by passing it to a Blue Ribbon Commission. We agree on the \$1 billion that is needed to keep the Postal Service solvent. We agree that the Rate Commission procedures should be accelerated; we agree that there should be a moratorium on arising rates and/or a cut in service during the period of oversight. But we disagree as to who should do the oversight. I feel the Senate Post Office and Civil Service Committee has avoided and evaded this responsibility too long. Assigning the task to a so-called Blue Ribbon Commission to report by February 15 of next year is nothing more than a political cop-out. Rather than solving problems, this creates an additional problem of struggling with yet another study report of the Postal Service. The General Accounting Office has rendered no less than 138 studies of the Postal Service—only two requested by the Senate Post Office Committee. It was a Blue Ribbon Commission (Kappel Commission) that gave us this mess. It is a Blue Ribbon Commission (Board of Governors) that has nurtured it into bankruptcy; and I cannot in conscience commence the task with yet another Blue Ribbon Commission.

In August 1970, the Congress in abolishing the Post Office Department made clear its intent that the Postal Service be removed from politics and that it operate as a private corporation. The public appointment of a Board of Governors and the \$1 billion public service subsidy prevented the concept from being totally private. But if there were any doubt that a private concept was intended, Congress removed this by making it a crime to recommend the appointment of a postmaster. Pursuing this intent, the Postal Service for a long period forbade any contact by their employees with Members of Congress. And the general feeling on the Senate Post Office and Civil Service Committee was that contact should be kept to a minimum, that the new institution should be given a chance without congressional interference.

This has resulted in the Postal Service operating with little or no congressional oversight for 6 years. In 1971, there were no oversight hearings with the Postmaster General. None in 1972. But as complaints mounted, the committee commenced oversight hearings in March 1973. After 2 mornings, these hearings were adjourned to luncheon sessions with the Postmaster General. These proved fruitless and before long were abandoned. There was a postal oversight hearing in Ogden, Utah one day in 1974 but none that year with the Postmaster General. There was an oversight hearing in Casper, Wyo. on June 25, 1975, but none that year with the Postmaster General. Postmaster General Bailar testified on S. 2844 which is now H.R. 8603 on January 27 and 28, 1976, but when it became known that the Senate Post Office Committee was finally to have hearings, the committee was so deluged

with postal problems waiting in line to be heard that the only way to finalize the work on this bill was to hold hearings during the April recess when everyone was out of town. So lack of oversight while well-intended initially has now after 6 years become critical. Letters of complaint stream in. Extravagance in the top offices is reported. Reports of mismanagement mount. Undelivered and broken packages pile high and the cost of service goes up, up while service itself goes down, down. As the Postal Service appears to be going out of business, United Parcel Service, its private competitor, seems to thrive. Taking a cue from this, many now recommend that the express statute be repealed so that first class mail can be delivered by private enterprise. The Administration, while resisting profligate financing for New York City, encourages the borrowing of more and more millions each year for operating expenses. As a result, the Postal Service valued at \$3 billion when it started in 1970 is now near bankruptcy. We all agree that an infusion of \$1 billion is necessary now. But because of our policy of benign neglect, no proposal can pass the Senate without a recognition of the need for oversight. This is the issue at hand.

The Post Office and Civil Service Committee Chairman and the ranking minority member recommend that this oversight responsibility be palmed off on a Blue Ribbon Commission. But after 6 years, we should have learned by now that the public's demand for service can no longer be ignored by the Congress. Only the Congress as the people's representatives can determine the amount of public service subsidy. Only a constant oversight by Congress can make the Service sound and responsive. My hope was that by now we would be giving out awards for success rather than billions for failure. But the only way to study these failures, the only way to prevent them in the future, the only way for a constant input by the public is to bring the Postmaster General back in communication with the Congress and the President and for us to resume budgetary authorizations. We can't continue to do as we have been doing—giving out a billion a year—without oversight and the economies proposed from time to time by the Postal Service can only receive the support of the people when sanctioned by the Congress. This is not to say that the advances made in the past 6 years should be junked or politics resumed. The Postmaster General should be appointed by the President and confirmed by the Senate. But the Service should be maintained as presently constituted rather than a new Department. Collective bargaining would remain, the Rate Commission procedures would be expedited, and Congress would stay out of the business of appointing Postmasters. While the House bill seeks the annual authorization of the postal budget commencing October 1, 1976, realistically this cannot be done until October 1, 1977. During the intervening period, a moratorium should be declared on rate increases and cuts in services unless Congress determines otherwise. The Board of Governors would be abolished and the decisions of the Postmaster General would be under Congressional review. Many of the present difficulties could have been avoided by a Congress and Postmaster General working together.

Many say the Postmaster General is doing an outstanding job, that he inherited a mess, that faulty decisions of his predecessor, plus inflation, plus the slowness of the Rate Commission are the reasons for failure. Others say that as part of the previous postal administration,

he must take the responsibility for his inheritance. We don't know. But this involves a key finding and, of course, it is obvious that an impartial objective review cannot be made with the Postmaster General as one of the investigators. Nothing more emphasizes the predisposition of the Committee leadership for a partial review than their insistence that the Postmaster General and the head of the Rate Commission be a part of the reviewing team.

It is clear that the President has failed to grasp the problem. The President did not provide any money in his budget for the Postal Service. He has adamantly maintained that the Postal Service can borrow to take care of its needs and really doesn't think this bill is necessary. Trying to discuss the financial needs, the Postmaster General called the White House and then testified in exasperation on March 29, 1976 that he had called 6 times leaving word but his calls were not returned. Finally, the President and the Postmaster General made contact. Now we are told that the cement that glued together the agreement by the President to go along with S. 2844 (now H.R. 8603) was the appointment of a Blue Ribbon Commission.

To me, this indicates a lack of appreciation for the many problems. If we stabilize the Postal Service with \$1 billion plus a moratorium on rates and services, the President cannot object. If we start immediately to work on oversight, working with the Postmaster General, making the necessary adjustments and giving the necessary approvals between now and October 1, 1977, the President cannot object. To insist that the job be done by a Blue Ribbon Commission reporting in February of next year is to insist that the chaos continue unattended and that all we are interested in really is getting past the November General Election. The House has sent us a bill calling for the appointment of the Postmaster General and the resumption of the authorization process. They did this after a year and a half of hearings and a very thorough debate. Now, we are informed that if no bill passes, the only alternative is to raise rates soon and terminate Saturday deliveries. I cannot see the President by an act of veto raising rates and terminating Saturday deliveries just before November. And I cannot see the Congress given a clear mandate from the people to go to work on the Postal Service finessing this until February with a Blue Ribbon Commission.

Accordingly, I will propose my substitute again on the floor which was defeated in committee by a vote of 6 to 2 with one member favoring the amendment but could not stay for the vote. The 7 points of my proposal include:

1. *Annual authorization.*—Beginning in fiscal year 1978 the Postal Service would be required to come before the Congress each year for authorization and appropriation of its total budget.

2. *Transitional subsidy.*—There would be a \$1 billion authorization for fiscal year 1977 to prevent a disruption of postal operations while Congress resumes oversight and reviews the needs of the Postal Service.

3. *Moratorium on increased rates and decreased service.*—A moratorium would be imposed on increasing rates and on the closing of Post Offices which serve 35 or more families as well as guaranteeing door-to-door or curb line delivery. This moratorium would be in effect until fiscal year 1978 when the Congress begins the annual authorization process for the Postal Service.

4. *Presidential appointment of Postmaster General.*—The Postmaster General would be appointed by the President and confirmed by the Senate. The Postal Service requires positive attention and guidance from as well as accountability to the Executive Branch.

5. *Abolish Board of Governors.*—The Board of Governors simply has not done the job. Also it should be the responsibility of the Congress, publicly accountable representatives, to guide and direct the Postal Service.

6. *Expedite ratemaking.*—There would be a requirement that all rate decisions from the Postal Rate Commission shall be determined within ten months. The delays of the Commission have been of major significance in contributing to postal losses.

7. *Limit borrowing authority.*—The ability of the Postal Service to borrow funds to offset operating expenses would be limited to \$500 million at any one time. This provision will provide the Postal Service with a buffer should a cash flow problem arise during the annual authorization and appropriations process.

ERNEST F. HOLLINGS.

CONGRESSIONAL RECORD—SENATE

August 23, 1976

POSTAL REORGANIZATION ACT
AMENDMENTS OF 1975

The ACTING PRESIDENT pro tempore. At this time, under the previous order, the Senate will resume consideration of H.R. 8603, the unfinished business, which the clerk will state by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

The Senate resumed the consideration of the bill.

Mr. FONG. Mr. President, I ask unanimous consent that Mr. Larry Nakatsuka of the Post Office and Civil Service Committee staff be granted privilege of the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McGEE. Mr. President, in the same context, I ask unanimous consent that privilege of the floor be granted the following staff people and committee members of the Post Office and Civil Service Committee: Joe Jacobson and Steve Merrill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

* UP AMENDMENT 365

Mr. McGEE. Mr. President, I send to the desk three technical amendments and ask unanimous consent that they be agreed to en bloc.

The ACTING PRESIDENT pro tempore. The amendments will be stated.

The legislative clerk read as follows:

The Senator from Wyoming (Mr. McGEE) proposes three technical amendments, unprinted amendment No. 365.

The amendments are as follows:

On page 33, line 18, strike out "compensation" and insert in lieu thereof "compensation".

On page 33, line 21, strike out the colon and insert in lieu thereof a semicolon.

On page 34, line 1, strike out "subparagraph" and insert in lieu thereof "Subparagraph".

The ACTING PRESIDENT pro tempore. Without objection, the amendments are considered en bloc.

The amendments were agreed to en bloc.

Mr. McGEE. Mr. President, I wish to take just 4 or 5 minutes to lay before the Senate the pending legislation with a brief statement in regard to what it is we have here that is being presented and what the conditions are that produced it,

because therein hangs the real explanation of the business at hand and our procedures in coping with it.

Mr. President, in January of this year in a statement on the Senate floor, I invited the attention of Members to S. 2844, a bill which I sponsored as a vehicle for restoring the fiscal stability of the Postal Service. After 7 days of public hearings during the winter and spring, numerous discussions among members of the Senate and House Post Office and Civil Service Committees, the Postmaster General and representatives of the Office of Management and Budget, S. 2844 evolve considerably in its provisions as various options have been weighed and considered.

On June 11, 1976, the committee approved S. 2844 by a vote of 8 to 1 and ordered favorably reported to the Senate. H.R. 8603, a House-passed postal bill amended to contain only the language of S. 2844 which the committee agreed to. This measure, representing the sometimes diverse views of those concerned, goes a long way toward resolving the major problems of the Postal Service; and it lays the groundwork for followup legislation next year.

First, H.R. 8603, as reported by the committee, addresses itself to the immediate financial problems of the Postal Service.

Between 1972 and 1975, the Postal Service accumulated a deficit of \$1.6 billion. The estimated deficit for fiscal year 1976 is \$1.4 billion and for the transitional quarter, \$425 million, making a total at the beginning of fiscal year 1977 of \$3.4 billion. The Postal Service estimates that the deficit for fiscal year 1977 will amount to another \$1 billion.

The bill authorizes the appropriation of \$500 million for Postal Service use in fiscal year 1977; and another \$500 million for its use in fiscal year 1978.

As it provides financial relief to the Postal Service, the bill also gives the mail user a respite from increased postal rates and service cuts which have had an unsettling effect upon the Nation's communication system during the past several months. Specifically, beginning on the date on which the first \$500 million authorized is actually appropriated until February 15, 1977, the Postal Service may not have in effect any permanent or temporary rate increases.

Further, under the bill, the Postal Service may not provide levels and types of service less than the levels and types provided on July 1, 1976; and it may not close any post office where 35 or more

families regularly receive their mail.

Finally, the bill provides that during the period of the moratorium—from the appropriation date until February 15, 1977—the Postal Service will be required to provide door delivery or curbside delivery to all permanent residential addresses, other than apartment building addresses.

Part and parcel of the moratorium on rate increases and service cuts is the establishment by the bill of a Commission on Postal Service, members of which would be appointed 15 days after the date of enactment to serve until February 15, 1977. The 12-member Commission would be required to identify and study the problems facing the Postal Service and recommend to the President and the Congress actions to be taken to resolve those problems. The Commission would not be limited to any particular subject areas, but it is anticipated that rates, appropriate service levels, modes of residential delivery, procedures for financing the Postal Service, and means of retiring the postal deficit would be among the subjects reported upon by the Commission.

A further important provision of the bill is the requirement that 10 months must elapse between rate increases. Under current law, the Postal Service may impose temporary rate increases if the Postal Rate Commission does not issue a recommended decision on permanent rates within 90 days after a request is made. Under H.R. 8603 as reported by the committee, the Postal Service would be required to allow the elapse of 10 months after making its request before it could impose temporary rates. Since the Commission is mandated to issue its recommended decision within 10 months by the bill, it is possible that temporary rate authority will not be utilized.

Thus, in addition to its financial support of the Postal Service, the bill also offers substantial relief to the ordinary user of the mails—a moratorium until February 15, 1977, on rate increases and service cuts and permanent relief in that 10 months must elapse before any rate increases can be imposed. It is my belief that these benefits to the mail user will provide a stability to the Postal Service which will be further enhanced by the substantial monetary appropriations authorized.

Mr. President, as committee hearings progressed this year and as exploration of an increased appropriation for the Postal Service continued, no witness opposed the additional appropriation provision, except the Office of Management and Budget. As committee consideration proceeded, however, Senator Fong and I kept open the lines of communication between the committee and the OMB. After compromises on both sides, OMB

accepts the provisions of H.R. 8603 as reported by the committee, agreeing to the two \$500 million authorizations already described, to the moratorium, and to the establishment of the Commission on Postal Service.

It is my understanding and I believe that of Senator Fong that if H.R. 8603 is enacted in a form substantially similar to the provisions reported to the Senate by the committee, the President will not veto the bill and OMB will transmit a request to the Congress from the Postal Service for the funding authorized. As part of our negotiations with OMB, we included members of the leadership of the House Post Office and Civil Service Committee, who have participated in many of our discussions with OMB. We are aware of no serious objection on the part of the House committee leadership to the major provisions of H.R. 8603 as it has been amended by the Senate committee. In short, Mr. President, the committee recommends to the Senate a viable measure which has broad support in both Houses and in the executive branch. I urge Members to support it in its present form.

At its inception in July of 1971, the Postal Service had assets of \$3.4 billion, with a capitalization balanced between liabilities of \$1.7 billion and equity of \$1.7 billion. It will end fiscal year 1977, in the absence of relief, with an accumulated deficit of approximately \$4.5 billion.

If the Postal Service were truly a business, this parlous fiscal condition would spell almost certain bankruptcy. But the Postal Service is not a business. Although it was intended that the Service would use modern business methods in organizing its activities, the Congress, in the Postal Reorganization Act of 1970, specifically provided that:

The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people.

Some of the reasons for the fiscal problems of the Postal Service were provided by the Postmaster General in his testimony before the Committee. He said:

One major factor has been a breakdown in the ratemaking process established under the Postal Reorganization Act. In September, 1973, the Postal Service filed its application for a 10-cent first-class stamp. Had this rate been approved in a reasonable time, we would have been able to obtain a 13-cent first-class stamp when it was needed—in July, 1975. Instead, we were forced to wait for this essential increase until late December. Had we been able to obtain a 13-cent stamp last July, we would not have the better-than-a-billion-dollar deficit we have already accrued this year.

As I have described, H.R. 8603 as re-

ported by the committee obviates this problem by requiring that the Rate Commission make its recommended rate decision within 10 months. In the most recent rate case, the Commission, under the able leadership of its Chairman, Clyde DuPont, has demonstrated the feasibility of the new time limitation. The Commission made its latest determination of 9½ months.

The Postmaster General continued:

The increased cost of energy has hastened the rise of postal costs. Our public service appropriation, fixed at \$920 million per year, has declined in real value. Clearly a substantial factor in the accumulation of the deficit is a reduction in the funds appropriated since Fiscal Year 1971. Total appropriations to the Postal Service for Fiscal Year 1975 came to about \$1.53 billion, which was less than 12 percent of the cost of running the postal system. In contrast, for the last year of the old Post Office Department, Fiscal Year 1971, the Congress pumped almost \$2.2 billion into the postal system, which was over 24 percent of the cost of running the system.

Postmaster General Bailar said:

I suggest to you today that any emergency legislation reported by the Committee should have two basic components—the creation of a group to study issues related to postal service, costs, and funding, and the authorization of appropriations to assure adequate postal financing for the life of the study group."

Essentially, the committee has followed his recommendation.

Mr. President, in March of 1974, the Post Office and Civil Service Committee published a report on the committee's investigation of the Postal Service. The report was issued in accordance with Senate Resolution 61, which authorized an intensive investigation on the part of the committee, an investigation occasioned chiefly by the breakdown of postal services in the Christmas season of 1972. One of the findings of the committee's 1974 report:

If the postal system is going to maintain service at levels which are compatible with what the public can reasonably be expected to pay, it will probably be necessary for the Congress to provide a greater degree of support through Treasury financing than was envisioned in the original provisions of the 1970 Act.

H.R. 8603 as reported by the committee responds to that finding.

The Postal Service as currently organized under the Postal Reorganization Act as an independent Government agency is in need of no radical revisions or reorganizations. Given the breathing space which this bill would provide, the Postal Service under its present organization provides a sound structure on which it can continue to build. In testimony before the committee, the General Accounting Office addressed itself to the question of whether the Congress should "take back" the Postal Service. GAO ex-

pressed the hope that the Congress would not lose sight of the problems plaguing the old Post Office Department which of course was under close congressional surveillance.

Then GAO cited the following as among those problems: A severe inability to obtain capital for needed improvements resulting in excess costs and service deficiencies; a lack of incentive to control operating costs when losses are routinely covered by appropriations; and an inability to take reasonable risks for new products, in research, new equipment and facilities; and lack of customer orientation.

GAO continued:

The Postal Reorganization Act created the Postal Service as an independent agency in an effort to overcome these problems. As a result, the Service:

Has been able to obtain the capital needed to upgrade its plant and equipment,

Possesses a strong incentive to control costs because of the need to live within its own resources while keeping postage rate increases to a minimum,

Has taken risks in offering new products and developing new equipment, and

Does have a decided desire to please its customers.

The Service has had problems, but of a different nature. In weighing the need to undo the Postal Reorganization Act because of them, we hope the Congress will consider the advantages of the Service's present independence.

Mr. President, I hope the Senate will pass H.R. 8603 as reported.

Last winter, the Senate Post Office and Civil Service Committee began a series of extended hearings on the fiscal plight of the Postal Service, that plight being simply that its indebtedness was steadily mounting.

The reason for the deficit in the Post Office was explained by the Postmaster General and ultimately verified by the GAO in its investigation of the problem as deriving from two factors: One factor, perhaps the largest single factor, was inflation. In the Postal Reorganization Act of 1970 we failed to make an allowance for double digit inflation. The result is that the public service formula was fixed at an arbitrary figure of \$920 million instead of being adjusted to the inflationary factor. Thus, the 40 to 45 percent inflationary factor at all levels that swept through the private sector as well as the public sector had disastrous consequences for the Service.

The second factor that seems to be beyond doubt had to do with the slow rate of the rate adjustment process. Under the Postal Reorganization Act of 1970 a Postal Rate Commission was set up for the first time to accept requests for postal rate changes, to hear the litigants discuss the merits of those changes, or demerits, whatever the case may be, and

then to make adjustments. The time it took in this new process, breaking new ground, setting precedents, was much longer than had been anticipated when the Commission had been created. The result was that the relevance of rate adjustments to the very sharp increase in cost of all facets of the Postal Service was lagging far behind the realities of cost changes. Therefore, those two factors explain the substance of the steadily mounting postal deficit.

The committee's hearings were aimed at adjusting the mechanism by modernizing the Postal Rate Commission, updating it, and at the same time assisting in closing that inflationary gap of the past 6 years with a direct appropriation that would total, at the time, about \$3 billion. The proceedings along those lines were open to amendment. There were other members of the committee who had constructive and thoughtful amendments pending to go further than some envisaged was required at the time.

The roadblock we encountered very quickly was the determination on the part of the White House to oppose any subsidy allocations for the Postal Service. It simply reflects a difference in philosophy of what the post office system is all about. There are many of us who believe very strongly that there is a public service factor and a national interest factor. There are many post offices in the United States that cannot pay their own way, and it was felt unwise to force others who use the post office to carry the load in a direct way in rates. It was felt it was worth a great deal to the people of the United States and the Government of the United States to have a national postal system, as George Washington said when it was created, that would serve as a chain binding us all together in one Nation.

Indeed, there is that ingredient present. But there are those still among us, and those at the other end of Pennsylvania Avenue, who believe that the Postal Service ought to be converted into a business and made to pay its own way. That is the gap in the operation of the system.

We were advised that if there were to be a subsidy bill passed closing the post office indebtedness and increasing its subsidy allowance for public service, it would encounter a veto at the White House.

We examined this prospect very realistically in regard to the committee itself. We sought to measure the implications in regard to Postal Service around the country. The Postmaster General, for example, without the subsidy money, would have to find other funds to meet his payrolls and to keep some kind of Postal Service in operation. Part of that process involved closing small post offices. That was impending by July 1. A few post

offices had already been closed in the late spring.

It also involved consideration of cutting back postal services, the number of deliveries a day, the number of days a week that mail would be delivered and that sort of thing.

Because of the furor that created in the ranks of Members of the Congress, we made a basic decision in the committee that we had to at least achieve some kind of stability and remove the uncertainty about what was going to happen to the Postal Service as well as to the closing of post offices in a year in which most Members had only marginal time to devote to the full consideration of the question.

It was then that Senator Fong, the ranking minority member of the Post Office Committee, and I, representing the committee, sought to find some kind of common ground or formula by which we could keep the post offices going, avoid new rate increases and postal service cutbacks and, at the same time, assist the Postal Service in meeting its financial problems.

The upshot of that was an agreement worked out in the name of the White House by the Office of Management and Budget with our colleagues and the leadership in the House of Representatives, with the Postmaster General, whose task it is to manage this difficult operation, and with the Senate committee. What was put together was the basic package that it represented in the bill which is the pending business at the present time. That package is to leave in the one proposed recommended change or modification in postal reorganization that all sides involved agreed was a good one, which was to speed up the Rate Commission's procedure and confine it within an interval of 10 months for any particular proceedings. This, in itself, if I may inject, would have made it possible for the post office to have operated in the black for at least 2 of the last 3 years had the requests for rates that were ultimately granted been settled within the 10-month interval.

We think it is an important improvement. Due to the general unanimity of the importance of speeding up that rate-making process this has been left in the pending legislation by agreement as a basis of the understanding with the White House, with the House, with the Postmaster General and certainly with the Senate committee.

So the rest of the agreement, Mr. President, says that there will be a moratorium on any new rate increases that will take effect otherwise between now and February 15, and a moratorium on further significant cutbacks in postal services for that same interval of time, February 15, 1977; that the White House, in

addition, will agree to the payment of \$1 billion toward the postal indebtedness to be paid out in two increments of \$500 million each to represent a bona fide attack on the problem of the postal deficit.

Finally, a Commission on the Postal Service would be appointed to examine the public service factor, the levels of service factor, the rural post office factor, all facets of the post office problem, a Commission that would be made up of 10 appointed members, 3 by each House of Congress, 4 by the President, with the chairman to be designated among the President's 4, plus 2 ex officio members, the Postmaster General and the Chairman of the Postal Rate Commission, as the ongoing experts in the functioning of the Postal Service at the present time; and this Commission would be prepared to take the reports already made, which are voluminous, collate them, and make their recommendations to the President and to the Congress in these various fields by the 15th of February next winter, 1977.

At that point, once those recommendations are received, Congress would then proceed to legislate its will about any restructuring, redoing, undoing, reversing, or whatever it may be in regard to the Postal Service of the United States.

To be realistic about it, Mr. President, this means that if the basic structure of the existing reorganization plan in the postal system is tampered with at this time, we have been made to understand that it will be vetoed. If it is vetoed, it is the best judgment that we can get from the leadership of both Houses that an override of that kind of veto could not be achieved. So what we are facing is accepting a compromise that we believe to represent the art of the possible, that can stabilize and make more steady the uncertainties in the postal system during the remainder of this current calendar year and 6 or 7 weeks into the new calendar year beginning next January.

The reason why that is important is that we are all caught up in the throes of the impending election. Congress is running into a very crowded agenda, and must recess or adjourn in time for campaigning on the part of many of its Members, all this cast against the backdrop of a Presidential contest of significant dimensions which is likewise going on around us.

In the hope of avoiding the spasms of panic, haste, ill-consideration, or insufficient consideration, we thought it wise to recommend this compromise to the Senate—a compromise that the leadership in the House of Representatives has agreed to accept as a substitute for an earlier House bill on this general proposition—and that we use that compromise

as a stability factor until we can open up the entire question, no holds barred, after the agreed-upon date of February 15, and undertake its consideration with sufficient time to explore the many ramifications and cross-currents at stake.

It is the position of the Post Office and Civil Service Committee that this body should view understandingly the necessity of this particular step. None of us are proud of the compromise. I am on many other kinds of amendments and many sorts of proposed changes in the system myself, as sponsor or cosponsor. But I firmly believe it is wise for this body to accept the temporary compromise in order that we might proceed to address ourselves fully to the problem without any limitations when we return after the election year politics. I think we have a responsibility that ought to require us to do that. I think we would have a better chance to do whatever we decide to do with a larger measure of wisdom and with the necessary time to doublecheck our feelings in regard to it.

So, Mr. President, that is the pending measure that we have before us.

Mr. RANDOLPH. Mr. President, will my able colleague, the chairman, yield?

Mr. McGEE. Yes, I am glad to yield to the Senator from West Virginia, really the ranking member of the committee, and almost the founding father of this committee, if I may say so.

Mr. RANDOLPH. Mr. President, I am appreciative of the cooperation of the able chairman of our committee (Mr. McGEE). At this time I wish to indicate that I shall offer an amendment to establish procedures for any closings of post offices. This provision would be effective after the expiration of the moratorium, as contained in the committee bill which is brought to the floor today.

I am aware, of course, of the fact that in a partial response to my request—though not in total—we did elicit and receive from the Postmaster General a letter on post office closings which I am sure would be helpful to have included in the record.

Mr. McGEE. Let us make that a part of the record at this point.

Mr. RANDOLPH. Thank you.

Mr. McGEE. I ask unanimous consent that the letter from the Postmaster General be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE POSTMASTER GENERAL,
Washington, D.C., June 10, 1976.
HON. GALE McGEE,
Chairman, Committee on Post Office and
Civil Service, U.S. Senate, Washington,
D.C.

DEAR MR. CHAIRMAN: In analyzing the latest draft (Committee Print No. 5) of the proposed Postal Reorganization Act Amend-

ments of 1976, I note a provision imposing a moratorium on the discontinuance of any post office where 35 or more families regularly receive their mail. This moratorium would be effective if the appropriation authorized for Fiscal Year 1977 were made available to the Postal Service.

Obviously your concern for the future of small post offices is as great as mine. Also, I know of Senator Randolph's deep and abiding interest for the future of small post offices in West Virginia and elsewhere as evidenced by this sponsorship of S. 3082. It is out of my awareness of the importance of this matter to so many interested parties that I write to you to indicate that the Postal Service clearly will consider the moratorium provisions in S. 2844 as a very strong expression of Congressional intent.

Mr. Chairman, you know and other knowledgeable Congressmen also know that the Service has approached the problem of closing small post offices with care. The Service is well aware of the provisions in Title 39 which require that no postal facility be shut down solely for operating at a deficit. We are equally aware of how much meaning a post office has to a small community in terms of its identity and its connection to the Federal Government. It is for these reasons that the Service has established criteria which provide for customers to be informed, consulted with and given adequate notice before the closing of a post office. Moreover, it is clear that the Service's responsibility must be to provide equal, if not better, service when a closing occurs.

Of course, presuming enactment of S. 2844, the Postal Service would not discontinue any office affected by the moratorium provisions of S. 2844. Further, the Service would carefully observe the aforementioned criteria even in the case of offices serving fewer citizens than stipulated in Committee Print No. 5 of S. 2844.

Despite the fact that there seems to be very grave problems confronting the Service, it is my firm intention to work closely with the Congress in attacking those problems. I am sure that informed Members of Congress understand that the Postal Service is in serious financial difficulty and must exercise the responsibilities placed upon it by the Congress by doing what it can to cut expenses in the face of exploding operating costs. For this reason, we must continue to search out opportunities for improved efficiency on all fronts, including consideration of small post office closings in appropriate circumstances. But I assure you that we will undertake such considerations in the full spirit expressed earlier in this letter.

Sincerely,

BENJAMIN F. BAILAR.

Mr. RANDOLPH. What I shall attempt to do is call to the attention of our colleagues the urgent need for established guidelines on post office closings or consolidations. I have discussed this with the Senator from Wyoming. I am not sure he may oppose my proposal or ask that it be tabled. But I feel that before we move to substantive amendments which apparently will be offered—those amendments that I see on the desk of Senators—we should separate this issue from the other matters, because it has

to do with the freeze or moratorium. It is a procedural question that must be resolved when certain types of offices serving the public are being closed.

I felt that we should move to this subject at this point, because the Senator has mentioned the problem of the closing of post offices. He recognizes it, as do all the members of our committee and I am sure, all Members of the Senate. My effort will be one that I think is well-reasoned. It will not do damage to the moratorium, but will give us a procedure that can start at the end of that period. My amendment will insure that there is participation of the patrons of an office in connection with the decisions on postal closings.

I do not wish to be what some might say is overly patriotic in this statement, but I do see a danger when thousands of post offices are being closed throughout the United States. I look on those offices, as I am sure my able colleague looks upon them, as representative of the Federal Government from the standpoint of actual day-by-day service, not just for the patrons of the offices, but also for the people of those communities who are helped by the postmaster.

These postmasters—men and women—are, in a sense, counselors to so many people. They help in many ways with the filling out of forms and reports, and they represent what I believe is the human side of the Government. I think it is important that in all of these smaller communities—and I am not speaking in disparagement of our great cities—there is not the same type of operation which people come to expect from a large number of employees. Out in those smaller communities there are just one or two or three persons who are on the job, and they are so identified. They strive daily to help citizens generally across a broad front.

I think that when such offices are closed, the American flag really comes down. My comments are not intended to stress patriotism, as such. Rather, I wish to indicate that throughout our countryside, our rural areas, there is a need to maintain the identity of these post offices, with the esprit de corps which comes with them.

I know our State of West Virginia is the second most rural State in the Union. It is a rural State although we are, of course, a State of manufacturing, mining, and many other facets that make up a prosperous and growing State, with a great potential. But I cannot overlook my responsibility, as I see it, to the less populated areas. I do not seek to throw a wrench into the machinery of the Postal Service. My desire is to have a very reasoned way in which the citizens of these communities can have

the opportunity to bring their thoughts to the Postmaster General and to participate in the decisionmaking process.

There are other matters, of course, that are of more substance that are going to be offered through other amendments. I think the chairman will look upon this amendment as possibly in a different category. Am I correct? Will he agree to that?

Mr. McGEE. I look upon it as a necessary point to consider because of the importance of rural post offices everywhere in America, as a symbol much larger than just postal service. I think the Senator is right on the nose. The question that it raises, which I think would be opposed downtown, is changing the mechanism in the existing process. This is the thing that we agreed that for the short duration the moratorium would substitute for.

Mr. RANDOLPH. But there are figures, I remind the Senator, that are involved.

Mr. McGEE. Yes.

Mr. RANDOLPH. There are the number of patrons of an office.

Mr. McGEE. That is right.

Mr. RANDOLPH. I think that when we work on classification that is built solely upon figures we are possibly in danger. I believe there are some offices for some reasons—they might be climatic conditions or they might be conditions of geography, the very terrain that is involved—that might make the figure, regardless of what it is, 35 or some other level, unrealistic. That is why I am attempting to go beyond what has been done and in good purpose by the chairman (Mr. McGEE), Senator FONG, and others.

Mr. McGEE. When we tried that question out on them they thought that was the sort of thing that would be prejudging the Commission report. But that is nonetheless the Senator's prerogative and I respect it very much.

Mr. RANDOLPH. I will then send to the desk an unprinted amendment. It is not that I have not been working on this; it has been a part of a bill, S. 3082, that I had earlier, although it has been changed somewhat. But I will ask unanimous consent that the amendment be at the desk and not to be called up at this time.

Mr. McGEE. Will the Senator ask for the question?

Mr. RANDOLPH. I do that because I wish to have, of course, the chairman, Senator FONG, and other Senators go into the matters in reference to the formal presentation of the bill.

But I will send the amendment to the desk.

The ACTING PRESIDENT pro tempore. At the request of the Senator

from West Virginia the amendment will be held at the desk.

Mr. RANDOLPH. I do not want to press the point that my amendment should be the first considered, but I feel that it would be very natural that it be considered before other amendments.

Mr. McGEE. I certainly have no objection to that. I think in all fairness we

should sit down with all the groups involved here a little later in the afternoon, and we can work out an agreed-upon order of procedure. I have no objection at all to it being taken up first.

Mr. RANDOLPH. I certainly wish to accommodate the chairman, Senator FONG, the ranking Republican, Senator HOLLINGS, and other Senators who may not only be interested but also wish to participate with amendments and discussion of the bill itself.

Mr. President, I ask unanimous consent that John Giannini of my staff be permitted to be in the Chamber during debate and on any rollcall votes on this measure.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Wyoming has the floor.

Mr. HOLLINGS. Mr. President, will the Senator yield for a similar request?

Mr. McGEE. I yield.

Mr. HOLLINGS. I thank the distinguished chairman.

Mr. President, I ask unanimous consent that my two assistants, Mr. Burt Rosen and Mr. Bill Keyserling, be allowed privileges of the floor during consideration of H.R. 8603.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. RANDOLPH. Will the Senator yield again to me?

Mr. McGEE. I am glad to yield.

Mr. RANDOLPH. Although Ned Massee of my staff has the privilege of the floor, he does not have such permission during rollcalls, and I ask unanimous consent that Ned Massee be a part of the request I made earlier.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. FONG. I also ask unanimous consent that Mr. Lawrence Nakatsuka be accorded the privilege of the floor during rollcall votes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Wyoming.

Mr. McGEE. Mr. President, I yield to my distinguished colleague, the ranking minority member.

Mr. RANDOLPH. Before the Senator begins, if this does not break the continuity, I note that reference was made by our chairman to the Postmaster General and his duties. Does the Senator from Hawaii feel that there is reason

now to do what we did earlier? The Postmaster General of the United States still carries that designation even though it is the Postal Service instead of Post Office Department. Does not the Senator feel that we would be better serving the Government of the United States and the people to whom we are responsive if the President had the prerogative of sending a nominee to Capitol Hill and, with the advice and consent of the Senate, that individual being approved as are members of the Cabinet? At the present time, the Postmaster General, as my good friend knows, is really not able to go to the White House and discuss postal matters with the President of the United States because there is that layer between the Postmaster General and the President. Does he care to comment on that situation?

Mr. FONG. Mr. President, the distinguished Senator from West Virginia has brought up a point which has some merit, but at this time I shall defer really saying what my stand is on the question. In 1970 when we turned the Post Office Department into the Postal Service we went into that matter very much in detail, and it was then thought that it would be better to have the Postmaster General appointed by the postal board of governors and that his salary be made contingent upon what the board of governors decided.

I would like to have hearings on this matter, on the whole question of amendments, after the Postal Commission has made its report, and at that time we would have a better insight into the problem.

Mr. RANDOLPH. I can understand the reasoning of the Senator from Hawaii in this matter, and I have an understanding of his feeling about the timing.

I think the American people generally would want the Postmaster General to be in the same position as the Secretary of the Interior, the Secretary of Commerce, and other members of the Cabinet. I believe that the mistake made, and understandably, was that the Postal Service was to be the operation of a service set apart from the regular handling of Government departments.

I would oppose, and I believe the Senators who speak now would oppose, any move to bring back to the Members of Congress the situation that existed in earlier years—the yes or no or approval or disapproval with respect to so-called postmaster appointments. I do not think anyone would argue that that is something that Congress would want to bring back unto itself.

Mr. FONG. I do not think any Member of Congress wants that. I believe we have done a good job in that respect and have left it to the Postmaster and his staff to

decide that matter, because that is the most efficient way of handling it.

Mr. RANDOLPH. There is certainly the equity of the Civil Service of the United States. Our committee is not only a Post Office Committee; it is the Committee on Post Office and Civil Service. So we must recognize always the validity of the civil service or similar merit system and have it work, have adequate pay for persons who are doing the jobs to which they are assigned and committed.

It is very important that in the coming months we have oversight hearings in the Post Office and Civil Service Committee about some of the matters that are raised from the standpoint of personnel and personnel operations. That does not mean that I am attempting to be critical of the employees of the Postal Service. That is not my desire as I mention this.

I believe that, by and large, they are not only diligent and dedicated but also are efficient. Yet, there are cases in which that is not true, just as in a private business or any other operation in which people are employed. But we need to have a closer look sometimes, so that we can insure that in the Postal Service we are serving the public. They are the constituencies of all the Members of the House of Representatives and the Senate.

Mr. FONG. There is much to be said for the appointment of the Postmaster General by the President and to make him a member of the Cabinet. Being a member of the Cabinet would give the Postmaster General tremendous prestige, tremendous honor, and great respect. Many men would work hard at that position without reasonable compensation. As we have seen, many men have left their employment which pays much more than they are receiving as Cabinet members, and they have become very good Cabinet members. They want that prestige, they want to be near the President, and they can see the President from time to time.

There has been some mention that it was difficult for the Postmaster General to see the President because the Postmaster General was considered more or less a member of a quasi-independent corporation, and from that standpoint, he was expected to run his corporation the way it should be run, as a quasi-independent corporation, and therefore he did not have the tie with the President.

There is much to be said about the position of the Senator from West Virginia, that if we made the Postmaster General a member of the Cabinet, it would enhance his position, would give him better rapport with the President, and he would be able to bring to the President many of the problems with which he is now faced. As a result of not being in the

President's Cabinet, he finds it sometimes a little difficult to speak with authority, as if he were a member of the Cabinet.

Mr. RANDOLPH. I suggest to my colleague that there may have been some thinking that traditionally the Postmaster General, be he Democrat or Republican, as a part of the administration, became in a sense the political arm of the President within the Cabinet. I think that the Postmaster General, in a sense, in the past has been more politically attuned to the administration and its program of selling itself to the American people than have other members of the Cabinet.

Mr. FONG. That has been quite true.

Mr. RANDOLPH. At times, we think that the Secretary of State is removed from that type of campaigning or political effort. Yet, today, if members of the Cabinet are a part of an administration, I am not upset with them in speaking well of that administration. I think that this is as it should be. There are, of course, the limits of propriety and good taste which we would agree must be practiced. Yet, I sometimes feel that there is a reason for the Secretary of the Treasury to speak out not only upon matters of finance but also upon his feelings about the administration of which he is a part. I do not object to that, nor do I object to it by any other member of a Cabinet of the President of the United States. So it would be with the Postmaster General.

However, in yesteryears there was a feeling that the Postmaster General was

there just to carry the so-called political banner for the party in power. Certainly, I would want him to be a participant in the type of programs I have mentioned.

Does the Senator agree?

Mr. FONG. Yes, of course. In former years, we did not have the tremendous problems with which the Post Office is now faced. In former years, they did not have the volume; they did not have the tremendous number of employees. Now we have volume up to 90 billion pieces of mail per year. It has not risen because of other businesses coming in and taking part of the business away. It has 700,000 employees. It is a tremendous organization. In fact, it is the second largest, after the Defense Department.

In former years, it was not as large. They did not have all these problems. We did not have double-digit inflation. We did not have the rise in oil prices. All these are problems the Postmaster General has faced. Now that we have had 5 years of experience, perhaps we should give the organization a second look and see whether the Postmaster General should be an appointee of the President, with the prestige of being a Cabinet member.

Mr. RANDOLPH. So that I may not be misunderstood, I point out that I had the responsibility, as a Member of the House, of serving as chairman of the Civil Service Committee. That was during 1946. That was 30 years ago. It frightens me.

Mr. FONG. The Senator looks very young.

Mr. RANDOLPH. I thank the Senator. "For age is opportunity no less than youth itself, though in another dress." That is what Longfellow said.

I come back to the workers. I do not like a person to be called an employee. I like the word "worker." I sometimes think that we talk about people as employees as if they were not part of a team. I prefer the team effort, the work effort. I think that, by and large, those men and women who are employed in the Postal Service are workers. They are doing their jobs.

Mr. FONG. And very dedicated workers.

Mr. RANDOLPH. Yes, and I want the record so to reflect. I think of the carrier that came by the door rather early this morning, perhaps a little earlier than usual. I was able to greet him and we chatted for just a moment. I told him about the subject matter we would have in the Senate here today. It was an occasion for me to compliment him on his courtesy and the manner in which he does the job in our area as a city carrier. And out in those mountain reaches of our State and through our lush lands and the valleys that we have between those mountains and hills, the rural carriers are doing a job that is entirely worthwhile and very, very important; and so it is with the postmasters also.

I hope that we shall never forget that, even with all the computerization within the Postal Service as it now exists. The automated efforts are part of modern production—not of a manufactured product, but sometimes in the delivery of packages and the mail. But with all of this, we must remember that it is the human side of this business, I call it, that is essential. It is where workers feel a pride not only in working for themselves and the Postal Service but also, in a sense, as the direct representatives of the Federal Government with the people, wherever they may be. That, I think, is very, very important in the life of America.

As we consider this bill, let us be very very careful, in all of the work that we do to bring it to a finalization. We must realize that the Postal Service, the distribution of mail, the mobility of America, the communications of America, sometimes have been not so well understood. So I simply say that, as I offer this amendment a little later on closing of offices. I hope there will not be an

effort to table the amendment. However, I can understand it if that is done. But here we have an opportunity to say, regardless of a letter from the Postmaster General, regardless of a moratorium into February of next year, that we have a procedure which is a workable procedure, one in which participation of people is involved.

When we began this country in the writing of those earlier documents our Founding Fathers did not speak of an emperor, or a king or a queen or a monarch. They were saying, "We, the people." So I think we must remember that out there, all over this countryside there is a very large population and a very comprehensive number of workers within the Postal Service throughout all of our States. And there is reason to improve the Postal Service. This is going to take the most careful, creative, innovative, and resourceful work that we have ever developed, in connection with an agency or a service within the Federal Government. It is not going to be easy to do this.

Mr. FONG. No.

Mr. RANDOLPH. The Senator recognizes it, certainly, as a businessman.

Mr. FONG. I do recognize it.

Mr. RANDOLPH. That human side of this job must never be forgotten. I think that, by and large, the worker does not want it to be forgotten.

Mr. FONG. We can never forget the human side of the Postal Service. There are 700,000 employees, and although the number of employees has not increased because of automation, they are there and they should be treated as human beings and they have been treated as human beings. They are dedicated, by and large, very dedicated public servants and the public employees of the Postal Service have done yeoman service. Although we have had many, many criticisms against the Postal Service, we have to consider that there are almost 100 billion pieces of mail. If a man does a 99-percent job but was 1 percent deficient, somehow, you would say the man is doing a good job. Yet if 1 percent of the mail of the post office goes haywire, and does not reach its destination according to time, that means 1 million pieces of mail did not reach their destination in time. Yet there is not that kind of dereliction, there is not that kind of holding up of service of a billion pieces. So looking at it from the standpoint of the bigger picture, we find that the Postal Service has been very efficient and the GAO, in its investigation of the Postal Service, has found that the service has been good.

Mr. RANDOLPH. The Senator spoke of the fact that something might go wrong.

Mr. FONG. Yes. If I could receive a score of 99 percent in anything I do, I would consider myself A-plus. Yet we find this criticism of the Postal Service, because some of the mail does not reach its destination according to time.

Mr. RANDOLPH. I shall place in the Record the facts about when the people complained about the delivery of their mail a long time ago, in the 1850's, perhaps—I am not sure of the exact date. I shall place it in the Record. It was in my home county in West Virginia. There was a complaint against the Trotter brothers.

The Trotter brothers, had a contract to carry the mail between Huttonsville in Randolph County and Staunton, Va. In the winter of 1855, after a trip south, heavy snowfall prevented their return across the mountain. The people of Tygarts River Valley, irritated by the delay in their mail, complained to the authorities in Washington. The Post Office Department relayed the complaint to the Trotters, who replied as follows:

STAUNTON, VA.,
1855.

MR. POSTMASTER GENERAL,
Washington, D.C.

SIR: If you knock the gable end out of hell and back it up against Cheat Mountain and rain fire and brimstone for 40 days and 40 nights it won't melt the snow enough to get your damned mail through on time.

Yours truly,

TROTTER BROTHERS,
By JAMES TROTTER.

—So that was a problem, was it not? The mails were delivered if they could be. But when nature had an upheaval, or the snows were deep, they could not do it. Is that correct?

Mr. FONG. Yes, there are many obstacles.

Mr. RANDOLPH. So through the country, there exist these obstacles which have, of course, continued through the years, sometimes to the delay of the mail. But by and large, we do have the very best mail system in the world.

Mr. FONG. And one of the cheapest.

Mr. RANDOLPH. Yes. I expect that could be borne out. But there is no comparison, really, between any other country and the United States in its handling of the mail.

Mr. FONG. No, and the number of pieces.

Mr. RANDOLPH. All of this is documented. So at this point, thinking about the amendment which I shall offer, I do want to express that I have a very genuine esteem for the present Postmaster General. I feel that he is trying very, very hard to do this job.

Mr. FONG. No question; he has a tough job.

Mr. RANDOLPH. I do not want to pass any accolades on Ben Ballar at the

moment, except to say that he has a very big job and he realizes it. I think he has been trying, insofar as possible, to confer with the Members of Congress, both Senate and House, on these matters that we are discussing. But whatever we do, I do not want it done with any rancor whatsoever or with any misunderstanding.

We are not out to get someone when we offer an amendment. In no sense, if an amendment is offered, is it offered for that purpose. I am sure it will be offered by a Senator or Senators who believe that there is a better way to do the job than the bill as reported from the committee. Our committee attempts always, insofar as possible, to be reasoned and to bring measures to the floor which merit the support of our colleagues.

Mr. FONG. May I say to the distinguished Senator from West Virginia that prior to 1970 we thought we could do a better job. That is why we had the postal reorganization bill and we reorganized the Postal Service. At that time we were told the Postal Service needed \$6 billion for their capital improvements, and we were derelict in Congress in not appropriating the \$6 billion to give them these capital improvements.

Because they were funded at less than what they should have been funded, the problems have grown and grown and grown. We thought at that time we should reorganize the Postal Service so we could give it a chance to go out and borrow money. We did provide that they could go out and borrow \$10 billion, which Congress was not willing to give to the Postal Service, to rehabilitate some of the old post offices and to give it the machinery to make it a real modern, up-to-date post office.

That is one reason for the reorganized Post Service. We gave them the power to go out and borrow on their assets. They have been borrowing. They are now facing a deficit because of the rise in labor costs; the double-digit inflation which we have been experiencing; the rise in costs of fuel and all petroleum products.

We find there is much criticism against the post office because they say that some of the mail pieces are not being delivered on time, when you consider, as I have stated, that there are 90 billion pieces of mail, and if only 1 percent got waylaid, you have a billion pieces of mail delivered late or gone astray. We only have a very small fraction of the mail being delayed in time.

So, looking at it from the standpoint of the whole Postal Service, we find that the post office has done quite a fine job.

I was saying we had one of the cheapest postal services in the developing countries. Let us compare what it costs to send a first-class letter through the

U.S. Postal Service with other postal services. In the United States, the first-class rate is 13 cents an ounce. Australia charges 22.9 cents, which is almost twice the amount we are charging. Belgium charges 16.7 cents. Canada charges 8 cents. Yet they had a strike, and now the rate has increased but I do not know what the increase is. As of February 1976 it was 8 cents per piece.

In Japan it costs 16.6 cents as compared with our 13 cents; the Netherlands

20.7 cents; Sweden 23 cents, Switzerland 15.5 cents, the United Kingdom 17.3 cents, and West Germany 19.5 cents. So the 13 cents for first-class mail through the U.S. Postal Service is the lowest outside of Canada. What the Canadian rate is now, I do not know. But you can see from these figures that the U.S. Postal Service rate is not high in comparison with the other developing countries.

So I say that with the limited amount of money they have been working with, with the great number of pieces of mail they have to handle, the Postal Service has done a good job. I think instead of condemning the Postal Service, we should really try to do everything we can to help it.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. FONG. I have not yielded.

Mr. HOLLINGS. Mr. President, I wonder if the Senator from Hawaii would yield for a question.

Mr. FONG. I yield.

Mr. HOLLINGS. I appreciate the conversation the Senator had with our senior colleague from West Virginia with respect to his amendment, which is perfectly agreeable on this side for us to vote first on his perfecting amendment before I lay down our substitute—however we wish to work it out. Perhaps that would be a good procedure.

While the Senator from Hawaii has the floor I would like to try to bring this into a little bit more responsible focus, because we are talking about Australia and Sweden, and we are talking about good employees—and they are good—in fact, that is one of the great motivations for me, the low morale now, and I think we have done them wrong in not supporting those employees.

But if I remember correctly now the Senator from Hawaii said this new system, the Postmaster General, had all these new problems to face, and I was noting it down that you did not have inflation, you did not have the number of employees, you did not have the volume. I would ask first about that inflation. Is the Senator from Hawaii familiar with the GAO report relative to the delivery contracts whereby there are some 12,000 contracts, and of which they only reviewed about 85? They stated this:

The Service uses contracted vehicle service as one means to transport mail between postal and private facilities. About \$300 million annually is expended on more than 12,000 contracts.

We found the postal procedures were not identifying opportunities to reduce costs while maintaining the same service. Our review of 85 contracts disclosed that the Service could eliminate or reduce 16 of the contracts and save about \$185,000 and 88,000 gallons of fuel annually.

Is the Senator familiar with that?

Mr. FONG. If we had a corporation that brings in \$14 billion in receipts and expends \$14 billion in expenditures, and if you want to look for things like that you are bound to find them. There is some leeway in which they could save some money, and here is a place where they say they could have saved \$180,000 out of \$14 billion. I do not dispute that. I would say there are many places in which we could save a lot of money if we really went after it. But when you look at the overall picture, I say it has done well.

Mr. HOLLINGS. That would sort of give us an indication of the overall. Here comes a responsible accounting organization, the General Accounting Office, and they find that in 20 percent of these contracts they could have either reduced or eliminated so many of them, and on 20 percent rather than the inflationary costs, for example, which we are all familiar with, with the jump in gasoline, I guess, which has gone from about 35 to 37 cents a gallon to 65 or 67 cents a gallon—

Mr. FONG. Almost double.

Mr. HOLLINGS. Between 73 and 76, and adding to that, what I am saying is looking even further on just 20 percent of the contracts you could have saved way more than inflation would ever have cost. That is not just a little one isolated thing at random, that was taken as a sample.

Maybe I should ask about the number of employees because the Senator indicated that they had so many more employees to handle.

Mr. FONG. I did say they had 700,000 employees. The number would have increased if they did not have automation. The 700,000 employees, I think, have been reduced by 30,000.

(At this point, Mr. Ford assumed the Chair.)

Mr. HOLLINGS. The actual figure which I am quoting now from the Postmaster General's 1974-75 report, at that particular time in 1971—and we passed this, of course, August 1970—the 1971 figure was 728,911 employees.

In the more recent GAO report which we asked for, the Post Office and Civil Service Committee shows 676,000 employees over there now, or a reduction in that many to be handled.

If number of employees or volume of employees was a problem, I understood the Senator from Hawaii was stating they did not have that number of employees.

Mr. FONG. I did not say that.

Mr. HOLLINGS. It reduced the problem by about 50,000.

Mr. FONG. I was responding to the distinguished Senator from West Virginia that we should look at the human problem, and I said, "Yes," because there were approximately 700,000 employees.

Mr. HOLLINGS. Then I heard that the distinguished Senator from Hawaii said the Postmaster General did not have this terrific volume with which to contend.

The truth of the matter is, going to that same report in 1971, they had 87 billion pieces. By 1974 they had gotten up to 91 billion. But they had a drop in 1975 of 832 million pieces of mail, and the projected drop by the Postmaster General of more than that, a billion pieces this year.

So, actually, the number of pieces to be handled rather than the volume going up and the bigger job; actually, there is a smaller job.

It is regrettable, we both agree on that.

Mr. FONG. No, the projection by the Kappel Commission was that it would have increased.

The Kappel Commission estimated by 1975 it would be over 100 billion pieces, and the 1975 projection by GAO was that it should be 93 or 94 billion pieces. The volume has fallen down to 91 billion pieces, but it has increased over the years.

Mr. HOLLINGS. But let us take the actual 1975 figure, which was 89.3, according to the report.

Mr. FONG. In 1968, the Kappel Commission projected the 1975 mail volume at 110 billion pieces, and in February 1975 the GAO projected it at 93.1 billion pieces.

Actually, the 1975 volume was 89.3 billion pieces.

Mr. HOLLINGS. That is right, 89.3.

Mr. FONG. And the slowing down of the number of pieces cut down the revenues. This is one of the problems.

Mr. HOLLINGS. Could it be because they have cut down their service?

Mr. FONG. No. It is because of mailgrams they have used, or the telephone. Many people find using the telephone is easier. Many people find sending a radio-gram is easier. Many people find using other electronic means of communication is much better than using the mail.

These are the things we are contending with now which we never anticipated in 1970 when we passed the postal reorganization bill.

Mr. HOLLINGS. Of course, the peo-

ple use fnailgrams and all, but the Senator must know about the closing of the small post offices, the removal of the collection boxes, the reduction in the number of times that they actually picked up the mail, the reduction of deliveries, for example, at business offices from three times to sometimes less than one time a day.

We have a record here, on April 19 and 20, with all the statements of everyone concerned, the mail carriers, the American Legion, and everyone says service is down.

In addition to the service going down, of course, they have gone financially 8 billion bucks into the hole.

We gave them an outfit worth at least \$3.5 billion in 1970 when they got it, and now we are facing, rather than a plush \$3.5 billion, a \$4.5 billion deficit.

That is a change in financial position which even the Senator's own report says that considered in private business, the Postal Service would be bankrupt.

Is that not really the case?

I mean, as we talk more generally, and we are being very tactful and I think it is wise that we do not be untactful or tactless and raucous and yet, at the same time, we are faced with a real problem.

As I see the Senator's amendment in the most kindly terms, it is no more than a holdup, like sticking a gun and saying, "give us some money and don't ask questions."

That is why I am asking these questions, because I think much talk has been made about the impairment of the obligation of the postal employees' contract. I think the Senator has a contract and I have a contract. We all do with the public, hat puts us here to stop, look and listen, and find what we are giving out business for.

In looking at that, the Senator says we ought to have a hearing after the Commission reports in February. Is that the Senator's position?

Mr. FONG. Yes. The commission is going to delve into all the problems of the post office and see whether it can come up with recommendations. At that time, with those recommendations, I am sure we will be able to have a more deliberative session and see what amendments can be enacted.

Mr. HOLLINGS. But how can that occur?

Mr. FONG. May I go further?

Mr. HOLLINGS. Yes.

Mr. FONG. I will answer the Senator's question about the GAO as an arm of the Congress.

The GAO has made 126 reports on a wide range of postal topics in the last 4½ years. This is what it says about mail delivery standards:

Mail delivery standards as established by the Postal Service are generally being met.

This is what GAO says:

Mail delivery standards as established by the Postal Service are generally being met.

The GAO also says that the lot of the postal employees has been greatly improved.

Mr. HOLLINGS. They really do not believe the morale in the Postal Service has improved, do they?

Mr. FONG. The GAO has issued 126 reports in 4½ years. They come out with a statement like that, and the GAO has not been very favorable in its report with the administration. The Senator knows that.

Mr. HOLLINGS. The fact is, exactly 140, not 126, but 140 GAO reports. They say the standards set themselves. That is, the new Postal Service, that they set themselves in 1970, in 1972, really, when they put in this testing service, they say, "Yes," and that is what they are referring to by meeting those standards.

But the GAO report says to look at the levels of service in 1969, when it was a political organization, and now in 1975, when it is a business organization, the service has diminished sharply.

It is diminishing sharply. That is really part of the report. Well, that is all right. We would not argue that.

I would like to find out how could the Senator have the overall report by the Commission in that amount of time? No one encompasses this being passed and signed by the President, if we could get together with the House, until after Labor Day or the middle of September. That would cause some appointments to come in in October. I believe the Senator would agree that would be pretty good timing, if we could get the Commission to start a study in October.

Mr. FONG. I know the time we have given the Postal Commission to report is a short period. We have been thinking in terms of about 6 months.

Mr. HOLLINGS. How can they do it with October, November, December, and January as the 4 months to study the overall needs? S. 2044, introduced by Senator McGee, called for a 2-year study on the sole question of the public service subsidy. He said it would take 2 years to determine that; namely, the public service subsidy. In this buy-off that we have facing us now, where we are not to ask questions but just give money, and in order to answer the questions we will get a blue ribbon commission to study for 4 months, with Thanksgiving, Christmas, the New Year's holidays, the inauguration, and everything coming in between, with them reporting to us in February, how can they give us an intelligent report?

Mr. FONG. If they require a little more time, they will come to us and ask for more time. At that time we will consider it.

Mr. HOLLINGS. So the Senator feels this Commission might be extended in February for another 6 months?

Mr. FONG. I do not know how much time will be given to them. I will not be here. That will fall upon other Senators.

Mr. HOLLINGS. This gets the Senator from Hawaii by but it does not get me by. I see. I thank the Senator.

Mr. FONG. In answer to whether this is a good bill, we have the employee organizations asking that this bill be passed. I think many employees from the post offices, the postmasters, and all the people identified with the Postal Service, are asking that we pass this bill as it is, that they require this amount of appropriation to tide them over.

Mr. WILLIAM L. SCOTT. Will the Senator yield?

Mr. FONG. I yield.

Mr. WILLIAM L. SCOTT. A few years ago we set up this postal service corporation and started having long-term contracts between the employees organization that my distinguished friend from Hawaii is speaking of, long-term contracts negotiated for salaries and working conditions. I wonder if that is not really the root of the trouble we are having.

How does the salary of the postal worker compare with the salary of the classified civil service employee? I served on the House Post Office and Civil Service Committee. At a later time I will ask to include in the RECORD a copy of the minority report of that committee on the bill setting up this postal corporation.

As the distinguished Senator will remember, the Committee on Post Office and Civil Service of the House of Representatives would not pass this bill when the administration wanted it. It was only when the postal organizations and the administration joined together that they got a majority of the votes. The then Postmaster General Blount said:

I am a businessman. I know how to deal with employees.

Later on, though, he gave the employees everything they asked for.

I just wonder if it is in the public interest, to let the employees run an organization as large as the Postal Service. I wonder if it is not the responsibility of the Members of Congress to exercise legislative oversight, and that we should have the Chief Executive as the final head of the Postal Service rather than the organization that we now have.

In other words, I am saying we made a mistake when we set this up. We made a

very serious mistake that is not in the public interest.

Mr. FONG. This was in answer to whether this is the bill that should be passed and what the morale is. The morale was low, as was said.

Mr. WILLIAM L. SCOTT. The Senator is talking about the employee morale?

Mr. FONG. Yes.

Mr. WILLIAM L. SCOTT. What percentage of increase in pay have they received since the postal corporation was established? How does that compare with the general classified services? In other words, if they have received twice as much money as other Government employees received, I can understand their morale being rather high.

Mr. FONG. In answer to the distinguished Senator from Virginia, I want to say salaries constitute 86 percent of the operating expenses. Between July 1971 and March 1976, the typical annual salary payment rose 54 percent in the Postal Service as compared with an increase of 41 percent in equivalent civil service salaries.

Mr. WILLIAM L. SCOTT. Does the distinguished Senator have any figures showing the increases for all Government employees as compared with those in the Postal Service since the Postal Service became a separate instrumentality?

Mr. FONG. Yes. July 1971 would be the first time that the Postal Service employees received their increase. Between that date and March 1976, as I have stated, their salary rose 64 percent, whereas their equivalent in the civil service positions rose 41 percent. So there has been a 23-percent increase over and above that of the civil service.

Mr. WILLIAM L. SCOTT. But does that include an initial increase immediately upon the setting up of the Postal Corporation?

Mr. FONG. I believe this constitutes the whole thing.

Mr. WILLIAM L. SCOTT. The whole thing from the time they were entirely a part of the Government?

Mr. FONG. Yes.

Mr. WILLIAM L. SCOTT. I like to think they are still a part of the Government under a quasi-government corporation.

Mr. FONG. The fact that they were given the right of collective bargaining with the Postal Service has tended to increase their salaries over and above those of the other civil service employees.

Mr. WILLIAM L. SCOTT. Why does the distinguished Senator say that would give them something above what the other Government employees received?

Mr. FONG. Because of the threat of striking, because there was a strike in

New York, and because they were in bargaining units these increases were granted. The fact that they have these bargaining units caused an increase in salaries.

Mr. WILLIAM L. SCOTT. Is it fair for them to have these bargaining units and the rest of the Government employees not to have them? Is there any reason they should have the right to collective bargaining and the other Government employees not have the right to collective bargaining?

In all candor, I do not favor collective bargaining for public employees. I consider the Postal Service public employees.

Mr. FONG. At the time of the postal reorganization in 1971, the whole matter was placed in the hands of the Board of Governors. They were free to get into a collective bargaining agreement with the employees, which followed. It resulted in a bargaining agreement and, as a result, employees' salaries have increased.

Mr. WILLIAM L. SCOTT. Does the Senator feel that this is in the public interest? That is the point I am getting at. I refer not to the employees' interests but the public interest, including the employees. I feel the distinguished Senator would agree with me that we are here to serve the public interest, not the employees' interests as a separate unit.

Is it in the public interest for them to have the right of collective bargaining and to receive higher increases in pay than other Government employees, if we call them all Government employees, or should all employees be treated alike?

Mr. FONG. If we look at it from the standpoint that this is a quasi public corporation, it is half private and half public. Then we follow the private rule, the private law, governing the right of collective bargaining.

Mr. WILLIAM L. SCOTT. They have no right to strike under the present setup, do they, under the Postal Service arrangement?

Mr. FONG. There is nothing here said about the right to strike.

Mr. WILLIAM L. SCOTT. Then the threat of a strike would, if carried into effect, be a violation of existing law?

Mr. FONG. Yes, it would be.

Mr. WILLIAM L. SCOTT. I do not feel that anyone should benefit from a threat to violate the law of the land, and in all candor I see no basis for giving additional compensation to people in a quasi-public corporation.

POSTAL REORGANIZATION ACT AMENDMENTS OF 1975

The Senate continued with the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with

respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oklahoma.

The Senator will suspend.

Will the Senate please be in order? The Senator from Oklahoma is entitled to be heard.

The Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I ask unanimous consent that Joe Heaton and Ed King of my staff be accorded the privilege of the floor during consideration and votes on H.R. 8603.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Hawaii.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. Will Senators please take their seats and refrain from conversation? Those wishing to converse will please retire from the Chamber.

Mr. FONG. Mr. President, I yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I appreciate the courtesy of the distinguished Senator from Hawaii.

I ask unanimous consent that Mike Mishoe, of my staff, and John Napier, of the staff of the Committee on the Judiciary, have the privilege of the floor during the consideration of H.R. 8603.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FONG. Mr. President, I yield to the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that Bob Jerome, of my staff, be allowed the privilege of the floor during the debate and vote on the postal reorganization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ABOUREZK. Mr. President, will the Senator yield?

Mr. FONG. I yield.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that Jimmy Kolker, of my staff, be allowed the privilege of the floor during the consideration of and voting on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FONG. Mr. President, I support the distinguished chairman of the Committee on Civil Service and Post Office in his position endorsing the committee amendments as contained in H.R. 8603, the Postal Reorganization Act Amendments of 1976.

As stated by the chairman of my committee, the purpose of the bill is to provide temporary financial relief for the hard-pressed U.S. Post Office Service.

At the outset, I believe it is fair to say

that, based on my nearly 17 years of service on the Senate Post Office and Civil Service Committee, there are no fast and easy answers to all the Nation's postal problems. The problems of the Postal Service are tough, complicated, and changing. On the other hand, there are some solutions which are practical, reasonable, and attainable. They do not promise overnight success, but neither do they shy away from what has to be done now to save the postal system.

After long and arduous effort, the Senate Post Office and Civil Service Committee has reported H.R. 8603, the bill now being considered by the Senate. This measure gives top priority attention to the immediate financial problems of the Postal Service and at the same time provides the basis for an assessment of the longer term problems we are likely to face.

FINANCIAL ASSISTANCE

The accumulated operating indebtedness of the Postal Service stands at almost \$1.5 billion as of June 30, 1976. Operating expenses will add an additional \$125 million in the transition quarter and \$500 million in fiscal year 1977. This total of \$2.125 billion for operating indebtedness through the end of fiscal year 1977 is to be distinguished from borrowings made for capital expenses which are expected to total \$2.808 billion through the end of fiscal year 1977.

To address this problem, during the long negotiations, involving Senator McGEE, our counterparts in the House, the Postmaster General, and representatives of the administration, I proposed a mechanism to assist the Postal Service to alleviate this balance sheet problem while the Study Commission deliberates and reports. My proposal was accepted by all parties and is incorporated in this bill.

As an emergency measure to reduce this debt, H.R. 8603, would authorize a total of \$1 billion—\$500 million to be applied against the accumulated operating debt of the Postal Service as of September 30, 1976, and \$500 million to be applied as of September 30, 1977.

These funds will be used for the purpose of reducing the Postal Service's outstanding operating debt—that is, borrowings which the Postal Service has already entered into for maintaining operations. This will reduce the burden on the Postal Service of having to carry this debt. It will not be used as an operating subsidy for on-going operations.

In requesting the appropriations authorized, the Postal Service would be required to submit to the Senate and House Post Office and Civil Service Committees

comprehensive and detailed information on its budget; postal operations generally; and estimates of total spending and revenues. Congress would, therefore, be fully and currently consulted and informed on postal operations, plans, and policies.

STUDY COMMISSION

H.R. 8603 proposes the formation of an independent Commission on Postal Service to study and recommend actions to resolve the problems facing the Postal Service. It would make recommendations on wide-ranging subject areas, without limits as to any particular areas. The Commission of 12 members is to file its final report by February 15, 1977.

We are expecting the Commission in the course of its review to address such areas as the appropriateness of current mail service levels, the role of special services provided to various types of mailers, and the impact of new electronic communications techniques, all of which affect the cost of providing mail service acceptable to the public at the lowest cost. The Commission should also examine who should bear the cost of the various potential levels of postal service.

MORATORIUM

While the Study Commission is performing its task and before its final report is submitted next February, H.R. 8603 would impose a moratorium on postal rate increases and service reductions.

Specifically, for the period beginning with the appropriation of funds authorized by the bill and ending next February 15, the Postal Service would be:

Prohibited from having in effect any permanent or temporary postage rate or postal service fee higher than those in effect on the date H.R. 8603 is enacted;

Prohibited from providing lower levels and types of postal services than those provided on July 1, 1976;

Prohibited from closing any post office where 35 or more families regularly receive their mail; and

Prohibited from closing any post office where fewer than 35 families receive their mail, unless the Postal Service receives the written consent of at least 60 percent of the regular patrons who are at least 18 years of age.

In addition, the Postal Service would be required to provide door or curbside delivery to all new permanent addresses, except apartment buildings, until the Study Commission reports.

The various parts of the "postal package" embodied in the bill were the product of lengthy hearings and negotiations. The Senate Committee held 7 days of public hearings in recent months on the proposed legislation. The chairman

and I, as the ranking minority member, actively sought out the assistance and participation of others in hammering out an acceptable and workable legislative proposal. We met with our counterparts in the House of Representatives, the Postmaster General, the Office of Management and Budget, and the White House. What eventually developed is a proposal which, as I noted earlier, has the approval of all parties.

The administration's views on the pending bill have been outlined by the Office of Management and Budget in a letter to Chairman McGEE.

Mr. President, I ask unanimous consent to have the text of that letter printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., June 18, 1976.

Hon. GALE MCGEE,
Chairman, Senate Post Office and Civil Service Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter confirms our understandings regarding the provisions of H.R. 8603, as contained in Committee Print No. 8 of the bill, dated June 16, 1976.

The Administration is prepared to accept legislation and to transmit a request to the Congress from the U.S. Postal Service for the funding of the authorizations provided for under section 2, subject to the passage of a bill which is consistent with our agreement. The amounts provided for under the authorizations will be applied against the Postal Service's accumulated operating indebtedness and used for the purpose of reducing that outstanding indebtedness as of the period ending September 30, 1976, and the period ending September 30, 1977. These amounts will not be used directly for covering current operating expenses or deficits.

In addition, the mandate of the Commission on Postal Service, established under section 7, will be broadened and the Commission charged to identify and study the problems facing the Postal Service and to recommend actions to be taken to resolve those problems. While the Commission should not be limited to any particular subject area, we would expect it to look into such matters as: the appropriateness of current mail service levels including the services available to various types of mailers, the nature and extent of any "public service" aspect of postal operations, the status of the private express statutes, and postal policies with regard to personnel levels and employee compensation. We are also concerned that the Commission look into the future implications of changes in electronic communication technology and what impact these will have on postal operations.

The Administration's agreement is premised on these two important principles.

We would like to express our reservations about the composition of the Commission's membership, as amended by the Committee. While we can appreciate the concerns expressed for adding members to the Commission to reflect the views of the postal labor

force, we do not believe that it is appropriate to designate two such representatives to a Commission of only ten members. Further, we believe that adding specific members from the labor force is inconsistent with the action taken to eliminate postal management's voting representation on the Commission. We believe that a Commission named jointly and equally by the President and the Congress can deal with all of the postal problems without having to bring specific viewpoints to the membership.

We note that during the period of the study, current postal policies will remain in force. Since the Commission is to look into the basic problems facing the Postal Service, there should be no changes in the Postal Reorganization Act which preempt the Commission's review of current postal policies or changes which compromise the independent status of the Postal Service by placing restrictions on postal operating flexibility that are unacceptable to the Postmaster General. In this regard, we understand that the Committee has reached an agreement with the Postmaster General.

I hope that the above information will be helpful in clarifying the Administration's position.

Sincerely,

DANIEL P. KEARNEY,
Associate Director for
Economics and Government.

Mr. FONG. The "postal package" was reported favorably by the Senate Committee 8 to 1. It is a bill which combines the ideas of those who have worked hard to meet the realistic problems of the Postal Service. It is designed to reconcile the disparate views of the parties, with the full realization that no one person's judgment is necessarily the best or final answer to the problems at hand. It is a compromise in the highest sense of the word. But most important, if the proposed legislation is passed as it is, without any changes, it can and will become law soon—the sooner the better because of the severe strains under which the Postal Service is currently operating.

I wish to underscore the seriousness of the problems facing the Postal Service, and therefore, the necessity for early action to relieve the mounting pressure on the postal system.

BACKGROUND

I believe a brief review of how the Postal Service got where it is today might be helpful in understanding the approach we have taken in H.R. 8603.

When the Postal Service was created as an independent establishment of the executive branch by the Postal Reorganization Act of 1970, there were high expectations for its success. The reorganization was recommended by a Presidential Commission appointed to study the causes of major breakdowns in postal operations in the 1960's.

The Commission believed that if postal management were freed from the operating constraints that plagued the old Post

Office Department, it would be able to overcome its problems and operate the system in a more business-like manner. It was predicted that, through improved performance, substantial cost savings would result—so substantial that the Postal Service would achieve financial self-sufficiency by 1984. Postal rates were to be adjusted upward until they covered costs, and subsidies to all classes of mail thus were phased out. It was even considered possible that there would no longer be a need for the Congress to appropriate funds to cover so-called public service costs—those costs associated with providing service in communities where the post office is not deemed to be self-sustaining. Persuaded by these arguments, Congress overwhelmingly approved the reorganization act.

These optimistic expectations have not. General Accounting Office, the Congressional Budget Office, and the Postal Service itself place most of the blame for the Service's poor financial performance since reorganization upon three factors—inflationary cost increases, a slow ratemaking process, and a stagnant mail volume.

A report by the Senate Budget Committee staff summarized the causes for the financial problems as follows:

First, the Postal Service is highly labor intensive (salaries are 86% of operating expenses), and between July of 1971 and March of 1976 the typical annual salary payment rose 64%; this compares with an increase of 41% in equivalent civil service salaries. Second, the 1970 Act's projection of a financially self-sufficient postal service was premised upon timely rate increases to cover increasing costs; but the six-month delay (in 1975) in enacting the most recent increase (cost in revenue lost was \$1.4 billion) is typical of the speed of the process. Third, partly due to the deterrent effect of higher rates, the growth in mail volume has slowed considerably and caused the Postal Service's revenue projections to fall far short of expectations. For example, in 1968 the Kappel Commission had projected 1975 mail volume at 110 billion pieces; and in February of 1975 the GAO projected it at 93.1 billion pieces; actual 1975 volume was 89.3 billion pieces.

An impartial, thorough evaluation of the performance of the Postal Service was completed in March this year by the General Accounting Office. In testimony before the Senate Post Office and Civil Service Committee, the GAO—which has issued 160 reports on a wide range of postal topics during the Postal Service's existence—summarized its evaluation as follows:

Mail delivery standards, as established by the Postal Service, are generally being met;

Rates may be getting close to the un-acceptable level;

Self-sufficiency has not been attained and there are no immediate prospects of doing so; and

The lot of the postal employee has been greatly improved.

This forthright assessment of the Postal Service leaves much room for improvement in certain areas. At the same time, however, it is a long step forward in comparison with the old Post Office Department that was in deep trouble before it was replaced.

In view of its long and close monitoring of the postal system—which is more extensive than that by any other agency—the GAO's position on legislation to deal with the Postal Service's problems is important. The GAO believes the Postal Service needs financial relief; it endorses expediting the ratemaking process; and it supports the establishment of an independent postal study commission. In general, H.R. 8603, now before the Senate, embodies the type of legislation recommended by the GAO.

WHY H.R. 8603 SHOULD BE PASSED NOW

H.R. 8603 is a carefully balanced and thoroughly considered measure. It has the overwhelming, favorable recommendation of the Senate Post Office and Civil Service Committee. It has the endorsement of postal committee leaders in the House. It is legislation urgently desired by the Postmaster General, and generally by the postal unions and the rank and file employees. And the bill is acceptable in its present form to the administration, without whose support it is unlikely this type of postal legislation can be enacted into law.

This legislation provides a "breathing spell" which will pave the way for serious and thoughtful deliberations which would not be possible for Congress during the limited time remaining in this election year. Hence, we implore our colleagues to withhold their amendments to this bill until next session, when more time will be available for thorough and careful consideration of them.

I repeat: Because of the shortness of time remaining in this election year session of Congress, I hope every effort will be made to forgo amending the bill before us. Not only will this assure early enactment of H.R. 8603; this bill may be the only acceptable measure, and this is the last opportunity this year for Congress and the administration to work out urgent legislation to save the Nation's postal system.

Therefore, I strongly urge swift approval of H.R. 8603.

I yield the floor, Mr. President.

UP AMENDMENT NO. 366

Mr. RANDOLPH. Mr. President, I have an amendment at the desk. I ask for its consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from West Virginia (Mr. RANDOLPH) proposes an unprinted amendment numbered 366.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new section:

Sec. 9. (a) Section 404 of title 39, United States Code, is amended by inserting "(a)" immediately before "Without" and by adding at the end thereof the following new subsection:

"(b) (1) The Postal Service, prior to making a determination under subsection (a) (3) as to the necessity for the closing or consolidation of any post office, shall provide adequate notice of its intention to close or consolidate such post office at least 60 days prior to the proposed date of such closing or consolidation to persons served by such post office to insure that such persons will have an opportunity to present their views.

"(2) The Postal Service, in making a determination whether or not to close or consolidate a post office, shall consider—

"(A) the effect of such closing or consolidation on the community served by such post office;

"(B) the effect of such closing or consolidation on employees of the Postal Service employed at such office;

"(C) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101(b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

"(D) the economic savings of the Postal Service resulting from such closing or consolidation; and

"(E) such other factors as the Postal Service determines are necessary.

"(3) Any determination of the Postal Service to close or consolidate a post office shall be in writing and shall include the findings of the Postal Service with respect to the considerations required to be made under paragraph (2). Such determination and finding shall be made available to persons served by such post office.

"(4) The Postal Service shall take no action to close or consolidate a post office until 60 days after its written determination is made available to persons served by such post office.

"(5) A determination of the Postal Service to close or consolidate any post office may be appealed to any court of appeals of the United States within 30 days after such determination is made available to persons served by such post office under paragraph (3). The court shall review such determination on the basis of the record before the Postal Service in the making of such determination. The court shall hold unlawful and set aside any determination, findings, and conclusions found to be—

"(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law;

"(B) without observance of procedure required by law; or

"(C) unsupported by substantial evidence on the record.

The court may affirm the determination or order that the entire matter be returned for further consideration, but the court may not modify the determination. The court may suspend the effectiveness of the determination until final disposition of the suit by the court."

(b) The amendment made by this section shall take effect on the day after the date on which the Commission on Postal Service transmits its final report under section 7(f) (1) of this Act.

Mr. RANDOLPH. Mr. President, we have eight sections in the pending bill, as reported from the committee to the Senate. I seek to add a ninth section, section 9. In that amendment, I would, in a sense, be supplementing the moratorium which is contained in the bill as reported from the committee. Under the present moratorium on the closing of post offices—the smaller offices really, that is the problem in the rural areas of the country—there would be no action taken until the 15th of February 1977. Beginning on the 16th of February, my amendment, if it is adopted, would move into another area. I think there is a very real reason to go beyond just the moratorium which is contained on page 28 of the bill, H.R. 8603, which is pending in the Senate.

Under this amendment, the Postal Service, prior to a determination on the closing or consolidation of any post office, would permit patrons the opportunity to present their views on such a proposed closing. This insures that these postal patrons have the opportunity to make their views known—in actuality, to be participants in the process of either continuing the office or having the office ultimately closed. Sixty days of advance notice would be given to postal patrons.

In making the determination of whether or not to close or to consolidate a post office, the Postal Service would have to consider oral and written testimony that would be presented. The effect that the closing or consolidation of a post office has on the community must be a part of the determination and must be considered. The effect on the employees who are working in that post office would also be a consideration.

I understand that the Postal Service will be interested—and properly so—in the provision dealing with economic savings resulting from such a closing.

Our amendment, the amendment I present, reiterates the need for consistency in carrying out the intent of the present statute.

I am not going to say that the Postal Service is presently in violation of the law. But the language of section 101(b) of title 39 of the United States Code, Mr. President, requires the Postal Service to

provide a maximum degree of effective and regular postal services to rural areas, communities, small towns where post offices are not self-sustaining.

There are small post offices, we know, that are not self-sustaining. But, very frankly, the Postal Service itself as a whole is not self-sustaining. In this bill there is a request, of course, for money from Congress so as to carry forward the postal services. It is \$1 billion to be exact.

But I refer here to the small towns—and I emphasize this—the rural areas, these communities in the countryside where these offices are not self-sustaining. They in many, many instances must be maintained.

At the completion of the review, my amendment would require the Postal Service to place in writing its findings, which shall be made available to the patrons, the persons, served by that post office. No action to close or consolidate a post office would be permitted until 60 days after this written determination is made and, of course, announced or delivered to the patrons.

If the patrons of that office disagree with the determination to close that office at a certain time or to consolidate that office, an appeal procedure is included in my amendment which goes to the courts for a decision.

The amendment, I believe, is a very meritorious approach to this problem.

We have a letter, as I discussed earlier with the able chairman of the committee, from the Postmaster General, Mr. Bailar, in which he says he has no intention of closing these offices of the type that I mentioned, pending action on this legislation, H.R. 8603 and this moratorium which runs until February 15. But I want to go beyond that.

I think it is necessary to go beyond that and set up a permanent procedure. I think the amendment should be adopted.

I would really hope that the managers of the bill would agree to this amendment. I think it does no harm to the measure as reported from the committee. It is a further assurance, let us say, to these small post offices in the rural areas that there will be set procedures on closings.

THE PRESIDING OFFICER. Who seeks recognition?

Mr. McGEE. Mr. President, I would like to say for the record that the distinguished Senator from West Virginia, a member of the committee, and I have discussed this at some length. There is indeed a very legitimate and deep concern in the point that the Senator's amendment would make in terms of protecting the small local communities and their post offices, and we all are in that camp.

We think there is a place for the small post office that far exceeds just the material factor of postal service.

The problem that this amendment poses for the committee is simply the agreement that we put together to make it possible to hold the line against postal closings, against rate increases, against service cut-backs, and that has all been nailed down with the Postmaster General, with the White House and Office of Management and Budget, and that is the basis for the compromise agreement that we have here.

None of us are exceedingly proud of it. It was the best that we could get in order to hold the line until we opened wide, with no holds barred, the whole question of the Postal Service as soon as everybody gets out of this particularly busy political year.

So I oppose the amendment with reluctance, I say to my colleague, but I feel honor bound as one of those involved in trying to find a common denominator agreement by which we can avoid postal closings the remainder of the interval to the 15th of February as included in the compromise or avoid further cutbacks in services or avoid new increases in rates. There was no other way we could nail that because of the many factors involved.

On that ground I would say with reluctance that I would have to oppose the Senator's proposal at this time because it does change the mechanism which was a part of the operation involved in the machinery under the present postal law.

The other thing is we have from the Postmaster General that letter which Senator RANDOLPH and I have agreed should be in the RECORD at this point or at an earlier point in this colloquy, and that should be a sufficient assurance to protect us from closings, to try to put in a mechanism that would protect against future closings after the 15th of February which would be properly involved in the recommendations of the Commission and the will of Congress as it proceeds to legislate its will upon receipt of the Commission's special report as envisioned by the President.

So on those terms—and I think the Senator understands this fully—the committee would have to oppose the amendment at this point in time. It properly belongs as soon as the report is made to the Congress on the Postal Service.

Mr. RANDOLPH. Mr. President, I understand the chairman's argument. I think he is in error in indicating that this amendment would seem to throw out the arrangements that have been made with the committee, the ranking minority member and the able chairman, the Postal Service and the administration.

Yet I would remind him that as far as I am concerned, I had no such agreement. I do not want to be misunderstood. I have felt in doing this I am really helping in a sense the situation.

It is my desire to establish a mechanism, which is a very simple one. It is not involved, and I think Members of Congress, the Senate, and, hopefully, the House would look with favor on the amendment.

I would hope that the chairman would decide not to table the amendment or offer such a motion, but would give us an opportunity here to vote the amendment either up or down.

Mr. McGEE. I have no objection to offering or to voting any kind of amendment up or down. I think under the preconditions in which the committee brought forth this unhappy child, which is the compromise, it is no man's child, or is the product of many efforts.

In the words of the distinguished Senator from Rhode Island who just walked in, it is the art of the possible. It is the art of the possible and it is as simple as that.

If this amendment were to be adopted by the will of the Congress in whatever way we care to vote this afternoon, it would require a veto under the terms of the compromise that was negotiated.

With all of the amendments in the proposal, I think a great many Members of Congress think it is a sort of thing that should be in the new postal system. But our limitation here, may I say to my colleagues, is that anything that goes beyond the 15th of February, beyond the terminal point for the Commission that is to be appointed if this is adopted, prejudices whatever that Commission should choose to report.

Second, depending upon what Congress legislates, it likewise sticks out alone as a factor that may not be relevant when a new system is put together. We do not know and we dare not prejudge.

So I feel compelled to have to move to table on that ground, as a matter of honor, because of the commitment made to work out a compromise.

Mr. PASTORE. Will the Senator yield?

Mr. McGEE. Yes.

Mr. PASTORE. The Senator from Rhode Island cannot walk into this Chamber without somehow becoming involved.

Mr. McGEE. So what is new?

Mr. PASTORE. But I will say this. I think the plan being suggested by my good friend, Senator HOLLINGS, would be a better answer to this problem if we could achieve it.

If we could possibly achieve it, I think it is a better answer.

Let us face it. This transition to privacy, or private venture on the part of the Post Office, has been a disaster. In my humble opinion, it has been a disaster.

Here we are, after all these grandiose promises that were made, let us run as a private venture, it will not cost the taxpayers any money. That has fallen flat on its face. Here we are talking about appropriating either \$500 million or \$1 billion, and it has been conceded that even \$1 billion will not take care of the problem. That is where it stands now.

But we have been told very flatly and very clearly that if the Hollings amendment is agreed to, in all probability there would be a veto.

Practically everybody who works for the Post Office has been aroused over the fact. I have been receiving a lot of mail like everybody else.

As I understand it, the Senator from Wyoming, the chairman of the committee, has taken the position—and he has worked out this compromise—that this is not the end of the problem, this is not the ultimate solution to the problem, but this will stay until we have an election of a President.

Naturally, if Mr. Ford is reelected, in all probability we might have to do it his way. On the other hand, if Mr. Carter is elected President of the United States, I think we ought to give him a chance to take a good look at it.

This would be, more or less, a respite or an interlude between the disaster and the hope. That is about all we have here, a hope.

Mr. RANDOLPH. May I comment, while the Senator from Rhode Island is in the Chamber?

Mr. McGEE. Yes, I yield.

Mr. RANDOLPH. We are considering an amendment I have offered, which is not the overall program of the able Senator from South Carolina. But I am simply trying to insure that the smaller post offices of the United States in the rural areas of the countryside, the very small towns, are not closed.

I am not going into other issues.

Mr. PASTORE. If the Senator will yield, when we had the conference on this matter, I was made to understand that the purpose of this respite was to insure these post offices would not be closed down. That is the reason why we are putting up the money, to make sure that that will not happen. If my understanding is incorrect, I would like to be corrected on it.

But the point here is that there is no need trying to shake down this compromise through fear, because if we do, we might jeopardize getting this relief which must be granted at this time. I say frankly, put up the money or the price

of the stamp is going up.

The public is going to be aroused and we are all going to be deluged with mail. There is no question about it.

Mr. McGEE. Is the Senator through?

Mr. RANDOLPH. I just wish to say that I think the President would sign the bill if my amendment is included.

Mr. McGEE. The Postmaster General recommended it not be signed if the Senator's amendment is included.

Mr. RANDOLPH. I can understand.

I think I have proven in 38 years in the Congress my belief in a postal service that functions and of a postal service that is strong. I will not go into all that.

I would not offer something that is "a tearing apart proposal."

I am really disappointed that the able Senator will not accept this situation as a real way in which we can establish a procedure after February 15. This does not go to all the options of the bill as a whole.

I would be very surprised, in fact I would be shocked, if an amendment of this kind, a very simple amendment, a very easily understood amendment, a modus operandi that is very plain in giving people a chance to be heard for 60 days, is something that would tear apart this agreement.

I cannot believe that is true.

Mr. McGEE. Their view is, very seriously, that it is because it starts after the 15th of February and prejudices an area of improved procedure that the Commission is supposed to make a judgment on in terms of its overall approach to the problem. Therefore, they really feel very strongly that we should not try to freeze that beyond the restructuring. We do not know what the total restructuring may be. It may have no relationship to this in any way, even the restructuring made to use some other division of the problem of the Postal Service.

So that is the only reason, and it is with reluctance I have to keep insisting that this falls into the category of those changes in the mechanism, that the principle of prejudgment, before the report, would be done violence to.

Mr. FONG. Will the Senator yield?

Mr. McGEE. Yes.

Mr. FONG. Mr. President, this amendment goes far beyond anything we have. This amendment really ties the hands of the Postmaster General.

Before he can close a post office or consolidate a post office, he has to go through a lot of actions.

Let us look at what he has to go through before he can close or consolidate a post office forever. If this amendment goes through, it is forever. It is not tied to that period where we await the report of the Commission.

If he wants to close or consolidate a

post office, he has to give 60 days' notice to the patrons.

The Postal Service, in making a determination of whether or not to close or consolidate a post office, shall consider:

(a) The effect of such closing or consolidation on a community served by such post office.

(b) The effect of such closing or consolidation on employees of the Postal Service employed at such offices.

There is no question, if we close or consolidate the post office, it will affect the employees.

(c) Whether such closing or consolidation is consistent with a policy of the Government associated in section 10(b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal service to rural areas and small towns where they are self-sustaining.

That is in the present law.

The economic savings to the Postal Service resulting from such closing or consolidation are considered, and then the Postal Service has to weigh such other factors as they determine are necessary. Determination of the Postal Service to close or consolidate post offices shall be in writing and shall include the findings of the Postal Service.

I have no objection to that.

If the Postmaster should decide that he will close a station, he can be taken to court. When we passed the postal reorganization bill we wanted to give the Postmaster a free hand, but we told him to follow certain guidelines in these small post offices, and he should not go helter skelter in closing post offices willy-nilly. I think he has been pretty fair and reasonable in closing and consolidating post offices. In this amendment he can be taken to court for a decision as to whether it was right for him to close a post office or not. The court could reverse him.

On one hand, we are trying to make the post office an efficient organization. We say it is losing money, that it has to be more efficient, that they should consolidate some of the post offices. For the period between the time when this bill is enacted and the Postal Commission comes and reports its findings, there will be no closing of any post office that has more than 35 patrons. For any post office that has less than 35 patrons, if 60 percent over 18 years of age say no, they cannot close the post office. We have gone pretty far in this bill.

Mr. BUCKLEY. Will the Senator yield for a unanimous-consent request?

Mr. McGEE. I promised to yield to the Senator from South Carolina.

Mr. HOLLINGS. I thank the Senator for yielding.

I would ask the distinguished chairman about the agreement, as I understand it, since it is so precise, so as not

even to allow a clarifying and what I would deem to be a very worthy amendment with respect to closings. This is the same as the intent of the Senator from Wyoming, that the small post offices would be protected. Yet the agreement he has firmed up between the administration and the House, which is before the Senate, I think in fairness to my colleagues should be made clear. The agreement is so precise and exact that we cannot have the kind of an amendment the Senator from Wyoming would ordinarily agree to, as presented by Senator RANDOLPH. For my information, and for the information of my colleagues, with whom did the Senator talk in the administration to bind the administration?

Mr. MCGEE. At the request of the President, Mr. Jim Lynn, of the OMB, was the official spokesman and the runner with the various terms in the negotiations between the White House and the Congress.

Mr. HOLLINGS. The Senator did not talk to the President himself?

Mr. MCGEE. Not on each of these points. We have had conversations with the President that go back a long time on the broad postal measure, but this has nothing to do with hammering down the details of this particular agreement.

Mr. HOLLINGS. When last did the distinguished chairman discuss postal affairs with the President?

Mr. MCGEE. I think the last conversation we had in the Oval Office, excluding any informal meeting socially, would have been at the time of the hearings last winter.

Mr. HOLLINGS. So the Senator has not heard directly from the President?

Mr. MCGEE. As directly as we need to hear by the man we all agreed would carry the messages. The President had two or three other problems confronting him all during this interval and could not afford to have us sit down and discuss each participate that we stuck in the agreement. Therefore, he requested that that Mr. Jim Lynn transfer those messages and translate the President's intent. Ours were then sent back to Mr. Lynn who then met with the President and brought back the direct communication from the President.

Mr. HOLLINGS. But there are certain facts that cannot be disregarded. The difficulty of the Postmaster General himself to talk with the President on postal affairs is well known. In fact, he testified before our committee. When was that, in April or May?

Mr. MCGEE. He testified to that effect in March.

Mr. HOLLINGS. He testified that he had called the President and the OMB intermittently, the White House and the

Office of Management and Budget, some eight times without even a return of his calls. Since that time presumably, the Postmaster General has gotten in touch with OMB and they, in turn, told the chairman they negotiated with the President?

Mr. MCGEE. And he also testified that he had a conversation with the President.

Mr. HOLLINGS. But the chairman has not talked with him since last winter?

Mr. MCGEE. That session was had with the President as to what we could get through with respect to law and change.

Mr. HOLLINGS. Now this agreement would not allow even as simple an amendment as that proposed by the Senator from West Virginia. With whom did the chairman speak and negotiate the so-called compromise on the House side?

Mr. MCGEE. On the House side the discussions involved the chairman of the House Post Office and Civil Service Committee, Mr. HENDERSON; the ranking minority member, Mr. DERWINSKI, and chairman and ranking minority member from the Postal Operations Subcommittee. They were the ones who were represented in these negotiations.

Mr. HOLLINGS. And the chairman talked with those three Members, fully aware—

Mr. MCGEE. Four House Members. The two on each of the full committee and the subcommittee.

Mr. HOLLINGS. Two being Mr. HENDERSON and Mr. DERWINSKI. Who were the other two?

Mr. MCGEE. Jim Hanley and Albert Johnson.

Mr. HOLLINGS. And the distinguished chairman was fully aware at the time he had those conversations that they had made a similar proposal to what is now in the so-called compromise to the House on two occasions and had that voted down, is that correct? Let us get one point at a time. It is very difficult. I have been here since early this morning and I have been ready. In fairness to our colleagues, I want to inquire into the so-called compromise, as to what it is, who the chairman discussed it with on the House side, and whether he has a valid enforceable agreement or compromise. He talked to four Members on the House side and they were voted down last October. Is that correct?

Mr. MCGEE. They were not voted. Another proposal was submitted to the House in October of last year and the House supported the Alexander amendment, as the Senator knows full well. That had no relationship to the impasse that was reached when the Senate opened its hearings on the full area, in-

cluding the Alexander amendment proposal. The point was that we then got the message that there would be a veto. Our problem was to decide whether to buy the veto and use it as a campaign issue or to try to keep the Postal Service from closing more post offices, to try to avoid further rate increases, to try to avoid further service cutbacks after all of this hit the fan. That is the basis for the compromise. It has nothing to do with the Alexander amendment of last October. It has nothing to do with any of the other proposals that are now being fielded. It was an attempt to find something to hold this together until we all have time when we get back after the election to spend a full go at it, to reexamine and reopen the entire postal system structure and its related problems. That is what it is all about.

Mr. HOLLINGS. I will ask for the yeas and nays on the amendment of the Senator from West Virginia. That is what he wants to ask for.

Mr. RANDOLPH. That is what I was trying to ask for.

The PRESIDING OFFICER (Mr. BAKER). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. The Senator is talking about the veto of the President. I am discussing the veto of the House of Representatives. The House of Representatives did have a financial assistance program without the appointment of the Postmaster General, without the salient features, without the annual authorization, and here came this Alexander amendment supported by members of the Post Office and Civil Service Committee.

After they had an overwhelming vote on that particular score, they took that bill back into the committee to work it over, to see if they could get a similar type compromise to divest them, if you please, of the Postmaster General's appointment, and also the annual authorization. They brought it back, and lost again.

Is the Senator familiar with—well, I ask unanimous consent to have printed in the Record this statement by five Representatives when they introduced legislation on the postal financial problems without further cutbacks, and rejecting Senator McGEE's "compromise" proposal.

There being no objection, the statement was ordered to be printed in the Record, as follows:

FIVE CONGRESSMEN INTRODUCE LEGISLATION TO MEET POSTAL FINANCIAL PROBLEMS WITHOUT FURTHER CUTBACKS; REJECT SENATOR MCGEE'S "COMPROMISE" PROPOSAL

Congressmen Charles H. Wilson (D-Calif.), Bill Alexander (D-Ark.), Richard C. White (D-Tex.), Patricia Schroeder (D-Colo.), and John Jenrette (D-S.C.) announced today

that they completely reject Senator Gale McGee's version of postal legislation which originated in the House last year, and that they have introduced a new bill which would appropriate \$500 million to the Postal Service this year to prevent further service cutbacks such as post office closings. The Representatives said that the Postal Service's acute financial difficulties warrant such an appropriation, but they also emphasized that real postal reform in the House-passed bill (H.R. 8603) requiring annual Congressional appropriation of postal funds and direct Presidential appointment of the Postmaster General with the advice and consent of the Senate must be approved by the Congress this year. Senator McGee, Chairman of the Senate Post Office and Civil Service Committee, has said that the White House would veto money for the Postal Service if any accountability requirements were also included, and therefore McGee developed "a compromise" proposal to give the Postal Service one billion dollars over two years with no service cutbacks before next February, but also no provision for greater accountability for postal managers to the Congress or the President.

"We think it's ridiculous for Senator McGee to refer to his plan as a compromise. The fact is it would amount to having the Congress walk away from its responsibility to regain some control over postal operations and the American people will not stand for it," the Congressmen said.

"Senator McGee says that we must gut House-passed legislation which will restore some reasonable degree of accountability to postal operations in order to provide short-term, emergency funds to the Postal Service. This is nonsense. We can appropriate the money needed for this year through the legislation we have introduced today," the Representatives said.

"Senator McGee obviously does not discern a difference between compromise and surrender, nor does he have any grasp of the magnitude of concern most Members of Congress have about the Postal Service," they said. "This is not surprising, of course, since the Senate Post Office and Civil Service Committee has held only a handful of oversight hearings on postal matters in the last four years".

"We're afraid that the conventional wisdom now held is that Senator McGee has presented an unpalatable fait accompli. It's a bad bill, but there's nothing that can be done. It's the only game in town. Well, we suggest that there is an alternative. We should simply do what the American people are demanding—regain some control over the Postal Service—and, if necessary, separately make an appropriation for this year."

"When H.R. 8603 reaches the Senate floor next week we would urge Senators who have any concern about the sorry record of the U.S. Postal Service since it became a quasi-business operation in 1971 to oppose the McGee approach and vote to reinstate accountability requirements approved by the House," they said.

H.R. 8603 as passed by the House last October 30, requires the annual appropriation of all postal revenues, and requires the Postal Service to present comprehensive statements of postal operations to the Congress when it requests such appropriations.

The bill revises the method of appointment of the Postmaster General and the Deputy Postmaster General, requiring that

both positions shall be appointed by the President, by and with the advice and consent of the Senate.

The Postal Service is required to provide door delivery to each permanent residential address (excluding apartments) wherein the appropriate unit of local government has adopted zoning ordinances prohibiting the construction of curblin mail boxes.

The bill also would create a five-member "Commission on the Postal Service" to identify and study the "public service aspects" of the Postal Service, and other aspects about the Service. This Commission would transmit quarterly reports to the President and Congress and make its final report within two years.

Senator McGee's version of this bill would drop all of the above-noted provisions and simply give the Postal Service one billion dollars in exchange for not cutting back service before February. (The McGee version does include a so-called "blue-ribbon" study Commission which would be required, despite the absence of clear-cut directions and an impossible deadline, to make some kind of report before February, as well.)

Congressman Wilson has served on the House Post Office and Civil Service Committee for over a dozen years. He has been Chairman of the Postal Facilities, Mail, and Labor Management Subcommittee since early 1973.

Congressman Alexander is a member of the House Appropriations Committee. In the 93rd Congress, Alexander served as Chairman of the House Agriculture Subcommittee on Rural Development and conducted hearings on the effect of national postal policies on nonmetropolitan America. Alexander authored the amendment to the House bill that would return postal purse strings to the Congress.

Congressman White, who has served on the House Post Office and Civil Service Committee since 1967, chairs the Subcommittee on Retirement and Employee Benefits.

Congresswoman Schroeder is Chairwoman of the Census and Population Subcommittee of the House Post Office and Civil Service Committee.

Congressman Jenrette serves as a member of the House Committee on Post Office and Civil Service.

Mr. HOLLINGS. Addressing myself to this document, is the Senator familiar with those particular House Members having introduced, in accordance with section 2004 of the Postal Reorganization Act, H.R. 14963, to just appropriate some \$500 million, for which no authorization is really necessary? Is the Senator familiar with that particular bill that has been introduced in the Ways and Means Committee over there?

Mr. McGEE. That bill, I am advised, they have not acted on yet. They introduced it in the House of Representatives.

Mr. HOLLINGS. That is right; and they introduced it, if you please, to be a backstop should there be a veto, because they have taken an adamant position that they are going to veto the McGee proposal, should we all just go ahead right now, bam, bam, bam, and vote on

it as the Senator from Wyoming requests, and send it immediately to the House without amendment.

I understand the Senator's desire to work out compromises but in this particular case there is no question in my mind but that he is talking to the wrong group—certainly not the group sponsoring the legislation a House majority has voted for on two occasions.

These are the words of CHARLIE WILSON, BILL ALEXANDER, RICHARD C. WHITE, PATRICIA SCHROEDER, and JOHN JENRETTE. All of them, except ALEXANDER, are members of the Post Office and Civil Service Committee on the House side. I quote from their statement:

We think it's ridiculous for Senator McGee to refer to his plan as a compromise. The fact is it would amount to having the Congress walk away from its responsibility to regain some control over postal operations and the American people will not stand for it.

I am not going to read the entire matter, but this is pertinent to the point the Senator from Wyoming was making.

I quote further:

Senator McGEE says that we must gut House-passed legislation—

That is H.R. 8603, the bill now before the Senate—

which will restore some reasonable degree of accountability to postal operations in order to provide short-term, emergency funds to the Postal Service. This is nonsense. We can appropriate the money needed for this year through the legislation we have introduced today.

That is the bill which I previously referred to, H.R. 14963.

Senator McGEE obviously does not discern a difference between compromise and surrender, nor does he have any grasp of the magnitude of concern most Members of Congress have about the Postal Service. * * *

We're afraid that the conventional wisdom now held is that Senator McGEE has presented an unpalatable fait accompli.

Almost the way the Senator is now presenting it on the floor.

It's a bad bill, but there's nothing that can be done. It's the only game in town. Well, we suggest that there is an alternative. We should simply do what the American people are demanding—regain some control over the Postal Service—and, if necessary, separately make an appropriation for this year.

So now, as this statement says, it is so ridiculously worked out it is obvious—and I have been over on the House side to try to get a feel, because I did not want to waste the time of the Senate—

Mr. McGEE. I understood the Senator has been over on the House side.

Mr. HOLLINGS. That is right, and I wanted to talk to those Members. I have talked to the leadership over there, and tried to get a feel. I cannot tell exactly.

I would not want to be the expert to try to say that it will pass or will not pass, but if we have a Presidential veto of H.R. 8603, which the Senator from Wyoming wishes to amend, but does not want anybody else to amend—I repeat, which the Senator wishes to amend but does not want anyone else to amend—the principal sponsors of H.R. 8603 say it is ridiculous, it is nonsense, and I agree with them on that particular point. And if there is any measure in the end instance, I repeat, if the President does veto it, they say, “We are introducing the \$500 million appropriation, which does not require any authorization, so they can stay solvent.”

So there is no emergency now, and we simply have a question of whether Congress or the Blue Ribbon Commission is going to do this job. The House says we are going to have to go back to work.

Mr. McGEE. Mr. President, will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. McGEE. Let me make two points in regard to the Senator's remarks just now.

First, my distinguished colleague from South Carolina alludes to the fact that the House of Representatives has already passed judgment on this matter twice.

The House had nothing like this compromise to pass judgment on. What we are passing judgment on now is a compromise that was worked out with at least five sources of responsibility in postal affairs. They had no knowledge at that time—none of us did—that we were going to come up against the impasse of a veto and getting nowhere, at the same time we were being faced with mass closings of post offices, rate increases still in the offing, and a service cutback.

Because of the year, in which everybody was running for President in one party or the other, or they were running their own races back home, we felt we either had to play the old veto route and try to make a campaign issue out of it, letting the post office fall apart in the process, or take a more sensible route and try to stabilize it temporarily. I underscore temporarily.

We do not take pride in the compromise. It was the best that honorable men could put together, that they could all agree to.

Who agreed to it? The White House agreed to it. The Office of Management and Budget agreed to it. The House Members who are responsible for the legislating authority in postal affairs; the chairman, the ranking minority member, the chairman of the subcommittee, and the ranking minority member agreed to it.

That is as far as I am going to go on the House side. God help us all over

here if we are going to tell the House what they think, or how to proceed. We do the best we can do in a responsible way to try to get the Senate to make its judgment on its responsibility. The House must make its own judgment.

It was the judgment of the leadership of the committee in the House of Representatives that the leadership on the House floor would be supportive, that they believed that when all the chips were down, as late in the year as it is, as far down the road in the campaign as it is, with every House Member standing for reelection, that this would be a sensible way to go about it. No one of them had enough time to devote, now, to reexamining the entire postal structure.

You cannot just half reorganize the postal structure. It ought to be done in an orderly fashion, instead of simply taking my preferences, Senator RANDOLPH's, or Senator FONG's; it ought to be reworked in the light of all the experience we have had over these past 6 years with postal reorganization.

We admit nothing with this proposal. We are simply trying to hold the line and stabilize it until we can get back here after this political year, and then go at it full tilt, no holds barred, I guarantee the Senator, to reexamine it. That is the responsible way, I submit, to go at the problem of reorganization and determining what is in the public interest, I submit to my colleague, regardless of the arguments of five Members over on the House side, whether it is a compromise bill or whatever you want to call it.

They were not involved in the impasse that was reached and having to face up to the consequences of that impasse, as were those who were in charge of the committee whose jurisdiction it was over there. That is the House of Representatives problem. But our problem has to be do we evaluate it from the point of view of Senators, rather than what the House of Representatives is or is not going to do. Every one of the gentlemen who were cited by my colleague from South Carolina have long been opposed to this measure. They have long been opposed to any kind of a compromise. That is understandable. And it is an honorable opposition.

But our petition is not to disallow what they would propose to do but simply say to them:

Let us throw it into the hopper with everything on reorganization at the time when everyone has gotten out of the business of a campaign year and we get back and go to the mat with the full question.

This is no way to be restructuring something as massive as a national monopoly, the Postal Service of the United States. So our request is that we simply

hold the line with the compromise until February 15, at which time the report to Congress and to the President will have been submitted. It seems to me this is nothing that gives away anything. It simply gives us the chance to do in a more responsible way whatever it is in our collective wisdom we decide to do.

Mr. FONG. Mr. President, will the Senator yield?

Mr. McGEE. I am glad to yield, but the Senator from South Carolina has the floor.

Mr. HOLLINGS. Yes.

I say to the Senator one more time, though, that this group that he says will not compromise, fortunately or unfortunately, represents a majority in the House. True, if there were four Senators or five Congressmen, as we now cite it, who represent a minority rather than the majority view of the House of Representatives, then I could understand him not going to them about the compromise, but they are the ones who prevailed.

I sent for the original H.R. 8603 as introduced. I have here a summary from the RECORD at the end of October which virtually takes up over a page and the Chairman said they did not have these matters before it.

I am going now to the point made by the distinguished chairman, that is, they just did not have these matters.

They had these matters fully last fall almost a year ago. In fact, H.R. 8603 was introduced in July, and we had plenty of time to go full tilt, as the distinguished chairman says, and we have not done so.

But they have an amendment to place a limit on the kinds of material to qualify for second-class mail, an amendment that reduces the temporary rate from 33 to 20 percent, an amendment that sought to provide for an annual authorization, which incidentally passed, an amendment that sought to limit the number of postal rate increases, an amendment that sought to require that each class of mail bear the postal cost attributable to it, an amendment to protect charitable and nonprofit mail from increased postal rates, an amendment that sought to repeal private express statutes, down to an amendment for a grant of free postage for mailing to voters.

They went to everything up and down the entire gamut, coming out originally, which will be seen when I get that original bill. This is very interesting to me, because we were debating H.R. 8603. The amendment of the Senator from Wyoming is in the nature of a substitute to H.R. 8603, and here in the Senate Chamber I cannot obtain a copy of H.R. 8603. That is all I want in my hand. I wish to show the Senator not just what passed the House of Representatives, but also what was introduced originally.

I have H.R. 8603 as it passed the House of Representatives.

Has the aide to the Senator from West Virginia the original bill? That is right. I want the original bill to show just exactly what the House Committee on Post Office and Civil Service submitted for consideration.

I say to the Senator that, if he goes back there in July, he will see that they had the same idea as the Senator from Wyoming and the Senator from Hawaii, they wanted to get us by, to give them the money, and certainly not go back appointing a Postmaster General, annual authorization, and everything else. They had some provisions with respect to rates which stayed in. I am referring there to delivery of mail by nonprofit organizations. They had some other provisions that the Senator had in the original bill which were interesting to me, having served with the distinguished chairman. As we sat down, he will remember, when this bill was submitted, presently his amendment No. 2844, it had different provisions in there with respect to college catalogs.

We were in the committee and we were told let us not have any amendment. We agreed and worked it out. We changed around that commission in committee. We changed around the matter of college catalogs in committee, and we made some changes in the committee after the agreement was made to the compromise by the distinguished chairman. I do not see why, as committee members, having been able to get a little amendment in, as the Senator from West Virginia is trying to do this afternoon, we could do it as committee members but cannot do as Members of the Senate not on the committee.

But this was fully discussed, and this was supposed to have been debated, as the Senator well knows, the last week of July. We both went over there and they discussed it.

Let me jump then to the other point that the Senator was making as to how great the study is going to be so that then we could have expert facts and go full tilt. The Senator from Wyoming introduced S. 2844 in January calling for a 2-year study of one subject, the public service nature of the Postal Service. Now we have come around. I do not see how, in good conscience, we can argue to our colleagues how great this blue ribbon commission is going to be when the Senator thought it necessary for a 2-year study solely on public service subsidy, to have it at best a 4-month study on everything about the Post Office including the private express statutes, the matter of the public service subsidy, the matter of rates for college catalogs, the matter of closing post offices, the matter of

the economy. At best, let us say that if his compromise is agreed to this afternoon, we could not get it through to the House of Representatives, agreed on and sent over to the President by the middle of September to appoint those commissioners. The blue ribbon commission could not report to the Capital City before the 4th of October. They have October, November, December, and January, with Thanksgiving, Christmas, New Year's inauguration, and everything else put in between.

We know that we have on our own staffs the expertise because they have been working over the years. Senator Fong has had 19 years, I think he said, or 17 years, with the Committee on Post Office and Civil Service. Those staff members would have a better working knowledge on what, how, and where to do than any Johnny-come-lately to town, a blue ribbon commission coming to have their pictures taken to say: "Look what the President has done. He has appointed us."

Does the Senator really conscientiously suggest that is a good alternative to his initial approach in S. 2844 where there is a 2-year study on postal subsidy alone?

Mr. McGEE. I say to my colleague that it is better than going his route. It is not what I would have advocated, but it is what we could get. This is a different circumstance now. We do have studies in hand, a rather substantial group of them, that have since been completed by the Office of Management and Budget as they see the problems, that have since been completed by the GAO as they see the problem, and we have a number of other private groups that have studied facets of this.

This would now involve, as the administration would foresee it, taking advantage of what has been put together in the various studies and putting them all together, because some of them did not shot certain aspects of the Postal Service and tried to make it a part of the much larger whole, the post office system itself, and then from that make its recommendations.

I say to my colleague on that point that, the reason that we finally moved to February 15, a relatively short interval of time, was that by a divided vote, but nonetheless a substantial vote, we decided to put the odds on the sense of urgency rather than on the sense of just lagging along on this and putting it off for another couple of years.

I was one of those who argued for a longer period of time, but I was willing to abide by a substantial majority vote among the negotiators to put the bee on them to put the heat on. Let us get with

it. This is not one of those weekend jaunts. This is not time off for various holidays. This is a matter of coming with a specific set of recommendations for the President of the United States and the two Houses of Congress.

It was the sense of urgency that really was uppermost in the final decision to place that date at the 15th of February.

Mr. HOLLINGS. The Senator would have to agree that we do have a \$920 million subsidy and we have the \$304 million that we appropriate for the phaseout on second-class mail rates, magazines and newspapers. Also, we have the \$1 billion problem that confronts us now. That is a billion dollars plus a couple of billion dollars—a little more than \$2 billion—that faces us, as Representatives and Senators, to act upon.

Does the Senator contend that the Senate can divorce itself from the oversight responsibility when we are asked to vote at this time on that amount of money for an organization that the Senator's own report calls bankrupt? The report of the Committee on Post Office and Civil Service, on H.R. 8603, says that if it were a private organization, as everybody is talking about it supposedly being, it would be bankrupt.

We are facing a bankrupt organization. We are trying to let it limp along, and we are asked, as Senators, to put up a little more than \$2 billion, but not ask any questions.

Mr. McGEE. We are asking to put up the compromise money that everybody agreed on, that Congress said should have been put up long ago, that the administration would not agree to—to put up the compromise sum of money so that it would be addressing itself to retiring a part of the debt in good faith, while we win the time, after the election, to do justice to the oversight reexamination, reassessment, and restructuring—whatever the wisdom of Congress then determines. That is far better sense than to plunge into it now, shooting from the hip, in effect, in the ways that are proposed in the conglomerate things suggested by the Senator, because of the differences of points of view—not his differences with me or vice versa, so much as basic differences in other segments of the whole process of government.

The Postmaster General is a key man in this. He is a very effective manager in postal affairs, and he has been very responsible; but there are problems he is caught up with in the event we cannot proceed and which he is required to pursue—the kinds of procedures that would bring chaos into Congress as well as into the broad expanse of the land, the closing of more post offices, the cutback of more services, the increase of rates, and without delay.

That is the reason we think that before that is undertaken, under any set of exigencies, we should have a chance to open up the full question and examine all the facets of that question in relation to each other, not one shot here and one shot there. They are all interlinked in the final decision, whatever it may be. That is the reason for the request for what I would call reason—namely, to try to win the chance to do this right at the beginning of the new session of Congress, possibly with a new President.

Mr. HOLLINGS. When the Senator talks about looking at it in its entirety, why is it that we Senators are not allowed that but the American public is. In other words, the American public sees the Postal Service's demise in its entirety. They have had 6 years of it now, and it goes down, down the drain—as it cuts out services, cuts down on deliveries, closes post offices, increases rate prohibitively, and private endeavor is taking it over.

The American public sees it in its entirety. Why should we just look at these rates or closings but not some of the business judgments that constantly leak in white papers and 60-minute shows and Jack Anderson's columns? All one has to do is read day in and day out, and there is some reporter always coming out with another particular management booboo, a very faulty decision.

Specifically, I had the occasion to work with private industry, and I brought every great name of American industry to my home State. We have regional offices for those industries from time to time, either in Charlotte, N.C., or in Atlanta, Ga. But no one in his right mind has said, "Let's have a regional office that would operate efficiently and economically in Memphis, Tenn."

The postmaster from Charleston, S.C., has to go all the way to Tennessee. He can take an hour's flight to Atlanta, where he used to go. But they have closed Atlanta and nobody has been able to justify it.

If you mail a package in my home town, it must go through Greensboro, N.C. where it is processed. You cannot get a train or a plane to Greensboro, N.C. If you mail a package in Charleston, S.C., you can bet your boots that it somehow gets all the way to Greensboro, N.C., and is sent back to be delivered down the street.

These are the kinds of decisions they see day in and day out.

There is the matter of parcel post, to which the Senator referred in a letter. He said that the Parcel Post Association endorses his measure. That is almost impossible for me to believe because by 1975, the Postal Service lost about 166 million parcels. If we had the up-to-date figures, it would be more than 200 million.

Here is a crowd going out of business, and they say, "Let's continue with these particular decisions."

Does the Senator really believe that these organizations support his bill?

Mr. President, I ask unanimous consent to have the letter of August 19 printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON POST OFFICE
AND CIVIL SERVICE,
Washington, D.C., August 19, 1976.

Hon. ERNEST F. HOLLINGS,
U.S. Senate,
Washington, D.C.

DEAR FRITZ: Recently in my letters to you and on the Senate Floor, I have tried to describe the realities concerning the Postal Reorganization Act Amendments, H.R. 8603. Without going through all the rationale again, suffice it to say that the bill as reported out of the Senate Committee and soon to be voted upon is what the President will sign provided there are no substantive amendments.

It occurred to me that you might be interested in seeing a list of the supporters of the bill as reported from the Committee. They are:

1. National Association of Letter Carriers.
2. American Postal Workers Union.
3. Mail Handlers of Laborers' International Union.
4. Public Employee Department, AFL-CIO.
5. National Rural Letter Carriers Association.
6. National Association of Postmasters of the United States (91 percent of the postmasters are members)
7. National Association of Postal Supervisors.
8. United States Postal Service.
9. White House.
10. Office of Management and Budget.
11. Chairman and Ranking Minority Members of the two Congressional Committees.
12. National Newspaper Association.
13. Parcel Post Association.
14. American Legion.
15. Veterans of Foreign Wars.

Thanks again for your kind attention.

Sincerely,

GALE MCGEE,
Chairman.

Mr. MCGEE. I say to my colleague that he is indulging in a very interesting game of telling us what other people really think or what they really intend.

Mr. HOLLINGS. That is what the letter says.

Mr. MCGEE. If they commit themselves and say, "We support this particular procedure as the lesser of evil alternatives," I am not going to make a second guess as to whether I think they are telling us what they really believe or what most of them believe, or what it is. They have struck their necks out and laid it on the line: They believe that this is the minimal approach we have to give a chance to until we can redo the whole business in the next year.

By the same token, I cannot second guess what everybody in the House is going to do or think. That is not my prerogative, and I should keep my nose out of it. I have a responsibility to try to deal responsibly with this in my own body, the U.S. Senate. That is what we are striving to do here.

We have the direct word that under the conditions of tampering with the machinery of the postal system beyond February 15, that would be the immediate subject for a veto by the White House. It is as elementary as that.

Yet, there is a compromise that the White House does not like but will agree to and will sign, and that is the pending bill that wins us the kind of time between now and the middle of February that we are asking for, so that we can unleash everything and go after it full tilt.

Mr. HOLLINGS. As the Senator and I know, we could unleash it now.

I have a funny feeling that the Senator from Wyoming and I, as well as other Senators in the Chamber, are being contacted by this listed group and we are not really debating the issues.

The Senate is being told by the Committee on Post Office and Civil Service that this is the only game in town, that this is the only compromise, that any amendment will cause a veto and will kill the bill, when the fact is that they really support not the Senator's bill, but what I have submitted.

This is what the National Rural Letter Carriers Association says on page 357 of the hearings record:

We do not feel the conversion of the Post Office Department into a Corporation is in the best interests of the American public . . .

That is what they said in their testimony years ago, and they maintain the same position.

The Public Employee Department of the AFL-CIO says on page 214:

The simple fact is that the high hopes for postal operations engendered by enactment of the Postal Reorganization Act of 1970 have not been fulfilled. Instead, the past five years have witnessed a seemingly endless cycle of increased rates, declining business and reduced service to postal customers.

Then we can jump to another list, the first-class mailers, and some of the others in the hearing record we made. I read from page 193:

We prefer, in every major intent the provisions of H.R. 8603—

Listen to this—

and regret that your committee has not seen fit to take into consideration these views of a majority of the House of Representatives.

When your committee goes into markup, we hope that it will expand its horizons and get to the core of the problem that faces the U.S. Postal Service: its current lack of responsibility.

I would say that, in contrast with this list which I can disassociate, the National Association of Postmasters support our substitute. The Laborers International Union of North America support some of our proposal, and the National Alliance of Postal Workers have given full support and they put out a release to that effect. Also we have support from the First Class Mailers Association, which I have just quoted, and the National Grange.

I have just gotten back from hearings in Alaska, where I met the little postmaster of Windy Cove. She told me Saturday night, "Don't let them—"

Mr. McGEE. This is where the post office is or that is her name?

Mr. HOLLINGS. That is where the post office is. That is outside of Ketchikan. She said, "Don't let them close down my post office up here at Windy Cove."

I say to the Senator from Alaska that you only have to see a State of that kind to appreciate what the Senator from West Virginia is trying to get to. They are all out there, little fishing villages hither and yon, and the central gathering point is our little post office. That jells them together into a community. I think that is valuable to America. I would rather pay it to the post office than to psychiatrists around this country.

The post office was the first thing that the Government started, with RFD—rural free delivery. We went off on this binge of how we can put it into a private corporation. It has been a virus.

I do not blame the Senator from Wyoming. We passed through a bill on a railway up in the Northeast; it went broke. Now they have a railway service and the president not only pays himself \$63,000, but says, "Since I have to live in Washington, I am advancing myself \$25,000 more. I am buying a \$5,000 membership out at Burning Tree Country Club and am having parties down in Washington."

I believe in public oversight of the railroads and public oversight of our Postal Service. When we do that, we shall have a two-way communication between the Postal Service, the Postmaster General, and the people's representatives in Congress.

Then, if the gentleman has to cut back his Saturday delivery operation, there could well be a majority in the House and Senate which could vote to support it. Then we would know, when these economies are made, that billion dollar boondoggle on these mail things have to be closed down. It is not working.

We only have to look at the annual reports. We do not have to get the 140 GAO reports and the blue ribbon commission. I think we have run out of blue

ribbon in this Congress. Every time we come up for responsibility, we say, oh the B-1, just put that off to the next President. The Post Office, put that off to the next President. Just put everything off to the next President and close down and go back home and tell them how we are conscientious and serving the people. Every Congressman and Senator can run around with billboards saying that: "He is concerned." Concerned my Aunt Eda. Let us get this out. Let us get the job done.

All we have to do, I say to the Senator from Wyoming, is take the annual report. Do not listen to the Senator from Wyoming or the Senator from South Carolina. Take the annual report and read it back. Anybody can read a balance sheet. The reports have a nice smiling face of somebody receiving the mail. They have all kinds of pictures. By the way, they pay a fortune on public relations. This is one of the public relations things.

Anybody reading a year-end report and the balance sheet would see that the headquarters employees have gone well. The number of headquarters employees, from 1971 to 1975, has gone from 2,611 to 2,988. They are now in district offices, in regional offices—this is the top heaviness of the whole thing.

The Senator says the man is a good manager. I wonder. I would like to ask him these questions if we could get some hearings.

There is not a postmaster in South Carolina who has not told me, "Senator, close the district office and get the regional office to where we can get to it and quit traveling all the way to Memphis."

We go, in the inspection service, from 2,511 to 5,610 employees. You can just go down the list and see that while the mail has gone up in cost, \$3 billion—the volume has gone down.

Instead of it being 90.5, it is only 89.3. It has gone down 1 billion pieces. They are going out of business. They are cutting back. And the mail rates are going up, up, and away, and we are trying to say, we are deliberate about this. We are going about it in a responsible way, and we are not doing it off the cuff or shooting from the hip. How can anybody now, after 6 years, shoot from the hip? This thing has filled us up until it is overflowing on anybody who has had any kind of feeling for the situation. The newspapers of America, editorials, magazines, are full of it. You look at that balance sheet and say, if that is the kind of management we have, let us go back to the oversight responsibility. We are not getting back into politics, not appointing postmasters, not meddling with the ratemaking. We should allow that to be beefed up and accelerated. The Postal Rate Commission has agreed with the

Senator from Wyoming that they can do it.

Except for the billions we are being asked to vote for, it is nothing less than a stickup, a holdup—"give me your money and don't ask questions."

When they talk about obligations of contracts in the employees' union, I have an obligation under my own contract with the people who elected me from South Carolina. That is to stop, look, and listen. We have not stopped, looked, or listened in 6 years, from August 1970 to August 1976.

I do not think it can be called shooting from the hip, particularly when the majority of the House on two occasions has said, "Let us regain the Postal Service oversight and regain that responsibility."

Mr. McGEE. I shall conclude this very shortly now so we may have a vote on Senator RANDOLPH's amendment. I wish just to make sure that the RECORD is straight, however, in the light of my colleague's comments just now.

While he was in Alaska, I attended the national convention of rural letter carriers. They voted virtually unanimously for this compromise bill. They testified against an approach like this last spring, before we had hit the snag. I repeat for my colleagues, this is something that none of us envisaged last spring when we were holding the hearings. But that is what we are up against and we have to do the best we can. That is what we are trying to do. The rural letter carriers now support the compromise as the lesser of the evil options confronting us at the moment. So does the National Association of Postmasters, who are sitting downstairs now, if the Senator would like to go down and talk to them. That is 91 percent of the postmasters of the United States.

There is a small postmaster group, the League of Postmasters, that represents a smaller percentage of the post offices, that has not endorsed this, so there is a difference of opinion. But the National Association of Postmasters of the United States, 91 percent of them, have endorsed the compromise as the necessary step to take in this interim until next winter. So has the National Newspaper Association. So have the letter carriers who were meeting down in Houston while the Senator was in Alaska. They endorsed it overwhelmingly, even though they do not like it. They would rather have a different kind of solution. But it is the best they can get now.

These people are realistic, I say to my colleague. We are trying to keep this together until we can do it the right way. That is the whole basis for this overwhelming support, that those directly involved in postal business are reflecting support of the compromise. They do not

like it any better than I do, but it is the best we can get for this short interval between a campaign year and the next year.

Mr. McGOVERN. Mr. President, I wish to express my strong support for the amendment offered by the distinguished Senator from West Virginia. I believe that Senator RANDOLPH has devised a reasonable formula to insure that the guarantees of adequate postal service for our rural areas and small communities included in the Postal Reorganization Act of 1970 will be implemented.

Mr. President, the small local post office holds a special place in rural America. In rural parts of my own State of South Dakota and in many other areas around the country, people are extremely dependent upon the Postal Service to conduct business, to obtain access to essential information, and to maintain contact with friends and relatives. When these post offices are closed or when service is reduced, the impact on every aspect of life is serious and very painful indeed.

In recent months, the U.S. Postal Service has created a great deal of concern and uncertainty in South Dakota and, I am sure, in other States as well, by predicting severe cutbacks and numerous closings in the near future. Relatively few post offices have, in fact, been closed to date, but a good many are under review. Postal Service officials have encouraged a widespread feeling that many more closings are in the offing.

This amendment would not prevent the Postal Service from closing out truly redundant facilities. It would not perpetuate unnecessary services, nor would it impose an undue burden on Postal Service management. Rather, the Randolph amendment would establish a fair and orderly process for considering rural closings where none now exists and it would assure the people in our rural areas of a clear line of recourse in the event that a facility is, in fact, terminated.

Mr. President, the Randolph amendment clarifies the intent of Congress with regard to rural service, provides a mechanism for carrying out that intent, and provides our rural people with a degree of protection from arbitrary bureaucratic actions. I assure my colleagues that where the Postal Service is concerned, this protection is badly needed.

Mr. McGEE. Mr. President, I move to table the Senator's amendment, as we agreed that I would do.

Mr. RANDOLPH. Mr. President, as I understand it, the yeas and nays have been ordered; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HOLLINGS. On the motion to table?

Mr. McGEE. Yes.

Mr. HOLLINGS. The Senator just moved to table. We never did get that.

Mr. McGEE. Mr. President, I move to table the Senator's amendment.

Mr. HOLLINGS. The Senator moved for the yeas and nays on the amendment. But does the Senator want the yeas and nays on the motion to table?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. McGEE. What is the parliamentary situation on the yeas and nays, Mr. President?

The PRESIDING OFFICER. The yeas and nays have not been ordered on the motion to table. They have been ordered on the amendment.

Mr. FONG. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. FONG. Mr. President, I suggest the absence of a quorum.

Mr. HOLLINGS. Let us vote. We can shout them. [Laughter.]

Mr. President, the motion to table has been made.

Mr. FONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. Mr. President, the yeas and nays have been ordered on the amendment. I wonder if we can transfer the number that we had.

The PRESIDING OFFICER. By unanimous consent that can be done.

Mr. RANDOLPH. Can it be done by unanimous consent?

The PRESIDING OFFICER. Yes, it can be.

Mr. RANDOLPH. I so ask unanimous consent to transfer the yeas and nays.

The PRESIDING OFFICER. Is there objection?

Mr. HOLLINGS. Mr. President, reserving the right to object, what is the request?

Mr. RANDOLPH. I just want to get the yeas and nays transferred from the amendment to the motion to table.

Mr. HOLLINGS. I have no objection.

The PRESIDING OFFICER. Without objection, the yeas and nays are ordered on the motion to table and the clerk will call the roll. The question is on agree-

ing to the motion of the Senator from Wyoming to lay on the table the amendment of the Senator from West Virginia.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Alaska (Mr. GRAVEL), the Senator from Colorado (Mr. GARY HART), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Maine (Mr. HATHAWAY), the Senator from Vermont (Mr. LEAHY), the Senator from Louisiana (Mr. LONG), the Senator from Washington (Mr. MAGNUSON), the Senator from Montana (Mr. MANSFIELD), the Senator from Minnesota (Mr. MONDALE), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from Georgia (Mr. TALMADGE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUE), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from New Jersey (Mr. WILLIAMS) are absent on official business.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON) would vote "nay."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

I further announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "nay."

The result was announced—yeas 17, nays 58, as follows:

[Rollcall Vote No. 518 Leg.]

YEAS—17

Bayh	Glenn	Percy
Bellmon	Hruska	Scott, Hugh
Brooke	McGee	Stevens
Burdick	McIntyre	Stone
Curtis	Pastore	Young
Fong	Pell	

NAYS—58

Abourezk	Eastland	Morgan
Allen	Fannin	Nelson
Baker	Hansen	Nunn
Bartlett	Hart, Philip A.	Packwood
Beall	Hatfield	Pearson
Biden	Helms	Proxmire
Buckley	Hollings	Randolph
Bumpers	Huddleston	Ribicoff
Byrd	Harry F., Jr.	Roth
	Humphrey	Schweiker
Byrd, Robert C.	Jackson	Scott
Cannon	Javits	William L.
Case	Johnston	Sparkman
Chiles	Laxalt	Stafford
Church	Mathias	Stennis
Clark	McCellan	Stevenson

Dole	McClure	Symington
Domenici	McGovern	Thurmond
Durkin	Metcalf	Tower
Eagleton	Montoya	Weicker

NOT VOTING—25

Bentsen	Hartke	Mondale
Brock	Haskell	Moss
Cranston	Hathaway	Muskie
Culver	Inouye	Taft
Garn	Kennedy	Talmadge
Goldwater	Leahy	Tunney
Gravel	Long	Williams
Griffin	Magnuson	
Hart, Gary	Mansfield	

So the motion to lay on the table was rejected.

Mr. RANDOLPH. If it is necessary to have the yeas and nays, that is agreeable to the author of the amendment. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. THURMOND). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia. The yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Colorado (Mr. GARY HART), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Maine (Mr. HATHAWAY), the Senator from Vermont (Mr. LEAHY), the Senator from Louisiana (Mr. LONG), the Senator from Washington (Mr. MAGNUSON), the Senator from Montana (Mr. MANSFIELD), the Senator from Minnesota (Mr. MONDALE), the Senator from Utah (Mr. MOSS), the Senator from Maine (Mr. MUSKIE), the Senator from Missouri (Mr. SYMINGTON), the Senator from California (Mr. TUNNEY), and the Senator from Georgia (Mr. TALMADGE) are necessarily absent.

I also announce that the Senator from Hawaii (Mr. INOUE), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from New Jersey (Mr. WILLIAMS) are absent on official business.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON) and the Senator from Iowa (Mr. CULVER) would each vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

I further announce that the Senator

from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 60, nays 13, as follows:

[Rollcall Vote No. 519 Leg.]

YEAS—60

Abourezk	Fannin	Nelson
Allen	Ford	Nunn
Baker	Hansen	Packwood
Bartlett	Hart, Philip A.	Pastore
Bayh	Hatfield	Pearson
Beall	Helms	Pell
Biden	Hollings	Proxmire
Buckley	Huddleston	Randolph
Bumpers	Humphrey	Ribicoff
Byrd,	Jackson	Roth
Harry F., Jr.	Javits	Schweiker
Byrd, Robert C.	Johnston	Scott,
Cannon	Laxalt	William L.
Case	Mathias	Sparkman
Chiles	McClellan	Stafford
Church	McClure	Stennis
Clark	McGovern	Stevenson
Dole	McIntyre	Thurmond
Domenici	Metcalfe	Tower
Durkin	Montoya	Weicker
Eagleton	Morgan	

NAYS—13

Bellmon	Glenn	Stevens
Brooke	Hruska	Stone
Burdick	McGee	Young
Curtis	Percy	
Fong	Scott, Hugh	

NOT VOTING—27

Bentsen	Hart, Gary	Mansfield
Brock	Hartke	Mondale
Cranston	Haskell	Moss
Culver	Hathaway	Muskie
Eastland	Inouye	Symington
Garn	Kennedy	Taft
Goldwater	Leahy	Talmadge
Gravel	Long	Tunney
Griffin	Magnuson	Williams

So Mr. RANDOLPH'S amendment was agreed to.

Mr. RANDOLPH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2201

Mr. HOLLINGS. Mr. President, I call up my amendment No. 2201, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS) proposes amendment numbered 2201 in the nature of a substitute.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: That this Act may be cited as the "Postal Reorganization Act Amendments of 1978".

FINANCIAL MATTERS

SEC. 2. Section 2401 of title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d)(1) There is authorized to be appropriated to the Postal Service for the fis-

cal year ending September 30, 1977, the amount of \$1,000,000,000 to be applied against the accumulated operating indebtedness of the Postal Service as of September 30, 1976.

"(2) The Postal Service, in requesting amounts to be appropriated under this subsection, shall present to the appropriate committees of the Congress a statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds to be appropriated for the operation of the Postal Service.

"(e) During the fiscal year ending September 30, 1977, or, if funds are not appropriated pursuant to the authorization provided in subsection (d)(1) of this section before the beginning of such fiscal year, during the portion of such fiscal year beginning with the day on which any funds are so appropriated, the Postal Service shall not—

"(1) have in effect any permanent or temporary rate of postage or fee for postal services exceeding the rates and fees in effect on the date of enactment of the Postal Reorganization Act Amendments of 1976, unless that excess is provided for under section 3626 of this title;

"(2) close any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976; or

"(3) close any post office where fewer than 35 families receive their mail and which was providing service on July 1, 1976, unless the Postal Service receives the written consent of at least 60 percent of the regular patrons of such office who are at least 18 years of age.

"(f) During the fiscal year ending on September 30, 1977, or if funds are not appropriated pursuant to the authorization provided in subsection (d)(1) of this section before the beginning of such fiscal year, during the portion of such fiscal year beginning with the day on which any funds are so appropriated, the Postal Service shall provide door delivery or curbside delivery to all permanent residential addresses (or other than apartment building addresses) to which service is begun on or after the date of enactment of the Postal Reorganization Act Amendments of 1976.

"(g) Upon the request of the Post Office and Civil Service Committee of the Senate or of the House of Representatives the Postal Service shall be required to appear and to present testimony and respond to questions with respect to the operation and financial conditions of the Postal Service.

"(h) The rates and fees established under chapter 36 of this title for zone-rated mail matter formerly entered under former chapter 67 of this title shall not be more than 10 percent less than the rates and fees for such mail matter would be if the funds authorized under this section were not appropriated."

SEC. 3. (a) (1) Section 2401(a) of title 39, United States Code, is amended to read as follows:

"(a) All revenues and fees collected by the Postal Service shall be deposited in the general fund of the Treasury of the United States."

(2) Section 2003(b)(1) of such title is amended to read as follows:

"(1) amounts appropriated pursuant to the authorization made by section 2401(b) of this title;"

(3) Section 2003(b)(3) of such title is amended by inserting immediately after "Postal Service" the following: "in addition to amounts appropriated pursuant to the authorization made by section 2401(b) of this title."

(4) Section 4(b) of the Postal Reorganization Act (Public Law 91-375; 84 Stat. 774) is amended by striking out "Postal Service" and inserting in lieu thereof "United States, and shall be deposited in the general fund of the Treasury of the United States in accordance with section 2401(a) of title 39, United States Code, as added by the Postal Reorganization Act Amendments of 1976."

(b)(1) Section 2401(b) of title 39, United States Code, is amended to read as follows:

"(b) There are authorized to be appropriated to the Postal Service such sums as may be necessary for the operation of the Postal Service."

(2) Section 2401 of such title is amended by adding at the end thereof the following:

"(1) In requesting amounts to be appropriated under subsection (b), the Postal Service shall present to the Committees on Post Office and Civil Service and the Committees on Appropriations of the Senate and House of Representatives sufficient copies of the budget of the Postal Service for the fiscal year for which funds are requested to be appropriated. If such budget projects an operating deficit for such fiscal year, the Postal Service shall present with the budget a detailed financial analysis of proposals to eliminate such deficit including any proposals to increase rates or fees for services or proposals to reduce services."

(c)(1) Section 3621 of title 39, United States Code, is amended by striking out "income" and inserting in lieu thereof "revenue".

(2) Section 3625(d) of such title is amended by striking out "income" and inserting in lieu thereof "revenue".

(d) The amendments made by this section shall take effect on October 1, 1977.

Sec. 4. (a) Section 2005(a) of title 39, United States Code, is amended by striking out the last sentence and inserting in lieu thereof the following: "The net increase in the amount of obligations outstanding for the purpose of capital improvements shall not exceed \$1,500,000,000 in any one year. The amount of obligations which the Postal Service issues in any one fiscal year for the purpose of paying its operating expenses shall not exceed \$500,000,000, and no obligation for such purpose shall be issued unless the Postal Service is required to retire such obligation in the fiscal year in which it was issued."

(b) The amendment made by subsection (a) applies to obligations issued after October 1, 1976. Any obligations issued prior to such date shall be retired in accordance with the schedule adopted by the Postal Service and the Federal Financing Bank.

Sec. 5. Nothing contained herein shall be construed to impair the obligation of employment contracts that the Postal Service has entered into with its employees, and nothing contained herein shall be construed to impair the authority of the Postal Service to collectively bargain employment contracts

with its employees as provided in the Postal Reorganization Act.

ORGANIZATIONAL MATTERS

Sec. 6. (a) Section 102 of title 39, United States Code, is amended to read as follows: "As used in this title 'Postal Service' means the United States Postal Service established by section 201 of this title."

(b) Section 201 of such title is amended by striking out "as an independent establishment of" and inserting in lieu thereof "within".

(c) Section 202 of such title is repealed and the item relating to such section in the table of sections for chapter 2 of such title as amended to read as follows:

"202. Repealed."

(d)(1) Sections 203 through 205 of such title are amended to read as follows:

"§ 203. Postmaster General

"The head of the Postal Service is the Postmaster General. The Postmaster General shall be appointed by the President by and with the advice and consent of the Senate. The Postmaster General shall receive compensation at the rate provided for level I of the Executive Schedule under section 5312 of title 5.

"§ 204. Deputy Postmaster General

"The Deputy Postmaster General of the Postal Service shall be appointed by the President by and with the advice and consent of the Senate. The Deputy Postmaster General shall perform such duties as the Postmaster General may require. The Deputy Postmaster General shall receive compensation at the rate provided for level II of the Executive Schedule under section 5313 of title 5.

"§ 205. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer

"There shall be within the Postal Service 3 Senior Assistant Postmasters General, 8 Assistant Postmasters General, a General Counsel, and a Judicial Officer. The Senior Assistant Postmasters General, the Assistant Postmasters General, the General Counsel, and the Judicial Officer shall be appointed by, and shall serve at the pleasure of, the Postmaster General. The Judicial Officer shall perform such quasi-judicial duties, not inconsistent with chapter 36 of this title, as the Postmaster General may designate. The Judicial Officer shall be the agency for the purposes of the requirements of chapter 5 of title 5, to the extent that functions are delegated to him by the Postmaster General. The Senior Assistant Postmasters General shall receive compensation at the rate provided for level III of the Executive Schedule under section 5314 of title 5. The Assistant Postmasters General, the General Counsel, and the Judicial Officer shall receive compensation at the rate provided for level IV of the Executive Schedule under section 5315 of title 5."

(2) The items relating to sections 203 through 205 of such title are amended to read as follows:

"203. Postmaster General.

"204. Deputy Postmaster General.

"205. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer."

(e) Section 402 of such title is amended to read as follows:

"§ 402. Delegation of authority

"The Postmaster General may delegate to any officer or employee of the Postal Service the responsibility for the performance of such functions as may be vested by law in him or in any other officer or employee of the Postal Service."

(f) Section 2402 of such title is amended to read as follows:

"§ 2402. Annual report

"The Postmaster General shall transmit an annual report to the President and the Congress concerning the operation of the Postal Service under this title."

Sec. 7. (a) (1) Section 3603 of such title is amended to read as follows:

"§ 3603. Duties and powers

"(a) The Commission shall have the duty to make final decisions for changes in postal rates and fees and in mail classification matters and to render advisory opinions on postal services and complaints in accordance with the policies and procedures of this title.

"(b) The Postal Rate Commission shall promulgate rules and regulations and establish procedures, subject to chapters 5 and 7 of title 5, and take any other action they deem necessary and proper to carry out their functions and obligations to the Government of the United States and the people as prescribed under this chapter. Such rules, regulations, procedures, and actions shall not be subject to any change or supervision by the Postal Service."

(2) The item relating to such section in the table of sections for chapter 36 of such title is amended to read as follows:

"3603. Duties and powers."

(b) (1) The first sentence of section 3621 of such title is amended by striking out "Governors" and inserting in lieu thereof "the Postal Rate Commission".

(2) Section 3622(a) of such title is amended—

(A) by striking out "to submit a recommended decision on changes" and inserting in lieu thereof "to decide on changes"; and

(B) by striking out "may submit such suggestions for rate adjustments as it deems suitable" and inserting in lieu thereof "may make such rate adjustments as it deems suitable".

(3) Section 3622(b) of such title is amended by striking out "the Commission shall make a recommended decision" and inserting in lieu thereof "the Commission shall make a decision".

(4) Section 3623(b) of such title is amended by striking out "recommended".

(5) Section 3623(c) is amended by striking out "recommended".

(6) (A) Section 3601 of title 39, United States Code, is amended to read as follows:

"§ 3601. Establishment

"(a) The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more than 3 of the Commissioners may be adherents of the same political party.

"(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.

"(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.

"(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as chairman of the Commission in the absence of the Chairman."

(B) The provisions of section 3601(a) of title 39, United States Code, as amended by paragraph (a) of this section, shall not apply with respect to any Commissioner of the Postal Rate Commission holding office on the date of the enactment of this Act, except that such provisions shall apply to any appointment of such a Commissioner occurring after the date of the enactment of this Act.

(7) Section 3625 of such title is repealed and the item relating to such section in the table of sections for chapter 36 of such title is amended to read as follows:

"3625. Repealed."

(8) Section 3628 of such title is amended—

(A) by striking out "decision of the Governors to approve, allow under protest, or modify the recommended";

(B) by striking out "and the Governors"; and

(C) by striking out "or Governors".

(9) The caption of section 3624 of such title and the item relating to such section in the analysis of chapter 36 of such title are each amended by striking out "Recommended decisions" and inserting in lieu thereof "Decisions".

(c) The third sentence of section 3662 of such title is amended by striking out "recommended".

Sec. 8. (a) (1) Section 1001(b) of title 39, United States Code, is amended by striking out "202, 204," and inserting in lieu thereof "203, 204, 205,".

(2) Section 1001(d) of such title is amended by striking out "of the Board or".

(b) Section 1002(a) is amended by striking out "a Governor or" and inserting in lieu thereof "a".

(c) (1) Section 1005(a)(3) of such title is amended by striking out "202, 204," and inserting in lieu thereof "203, 204, 205,".

(2) Section 1005(d) of such title is amended by striking out "(other than the Governors)".

Sec. 9. (a) Section 5312 of title 5, United States Code, is amended by inserting immediately after paragraph (13) the following new paragraph:

"(14) Postmaster General."

(b) Section 5313 of such title is amended by inserting immediately after paragraph (22) the following new paragraph:

"(23) Deputy Postmaster General."

(c) Section 5314 of such title is amended by inserting immediately after paragraph (63) the following new paragraph:

"(64) Senior Assistant Postmasters General (3)."

(d) Section 5315 of such title is amended by inserting immediately after paragraph (107) the following new paragraphs:

"(108) Assistant Postmasters General (8).

"(109) General Counsel of the United States Postal Service.

"(110) Judicial Officer of the United States Postal Service."

RATE MATTERS

Sec. 10. (a) Section 3624 of title 39, United States Code, is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

"(c) (1) Except as provided by paragraph (2) of this subsection, in any case in which the Postal Service makes a request under section 3622 of this title for a decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services the Commission shall transmit its decision to the Postal Service under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.

"(2) In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request made by the Postal Service under section 3622 by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) of this subsection by one day for each day of such delay."

(b) The amendment made by subsection (a) shall not apply to any action or proceeding with respect to the decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, requested on September 18, 1975, by the United States Postal Service in a request which bears or which at any time has been included under Postal Rate Commission Docket Number R76-1.

Sec. 11. (a) Section 3641 of title 39, United States Code, is amended to read as follows: "§ 3641. Temporary changes in rates and classes

"(a) In any case in which the Postal Rate Commission fails to transmit a decision on a change in rates of postage or in fees for postal services to the Postal Service in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage and in fees for postal services. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.

"(b) Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated revenue including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.

"(c) The Postal Service may not establish any temporary rate for a class of mail or any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.

"(d) Any temporary change in rates of postage or in fees for postal service made by the Postal Service under this section shall

remain in effect no longer than 150 days after the date upon which the Commission transmits its decision to the Postal Service under section 3624(d) of this title, unless such temporary change is terminated by the Postal Service before the expiration of such period.

"(e) If the Postal Rate Commission does not transmit to the Postal Service within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has resubmitted, to the Commission a request for a decision on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days' notice in the Federal Register, may place into effect temporary changes in the mail classification schedule in accordance with proposed changes under consideration by the Commission. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its decision to the Postal Service.

"(f) If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, and fees for postal services, or in the mail classification schedule."

(b) (1) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with respect to the decision of the Postal Rate Commission relating to proposed changes in rates of postage and in fees for postal services requested

on September 18, 1975, by the United States Postal Service in a request which bears or which at any time has been included under Postal Rate Commission Docket Number R76-1.

(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of the enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a decision, bearing Docket Number R76-1.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield for a request?

Mr. HOLLINGS. I yield.

Mr. ROBERT C. BYRD. Mr. President, there will be no more rollcall votes today.

It is my understanding that the manager of the bill, the ranking member, and the author of the amendment are willing to enter into a time agreement on this amendment.

I ask unanimous consent that there be a time limitation of 4 hours on the amendment to begin running tomorrow morning at 10 a.m. with a vote to occur at no later than 2 p.m. on the amendment, the time to be equally divided on the amendment between Mr. HOLLINGS and Mr. McGEE, that there be—

Mr. FONG. Mr. HELMS will not agree to a time limitation agreement.

Mr. ROBERT C. BYRD. On this amendment?

Mr. FONG. I do not know if it is on this amendment.

Mr. ROBERT C. BYRD. Mr. President, I withdraw the request for the time being.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that as to the substitute amendment that I have called up and the clerk has stated there be added thereto at the end of that substitute the language of the Randolph amendment just agreed to by the Senate.

The PRESIDING OFFICER. Is there objection?

Without objection, the amendment is so modified.

Mr. HOLLINGS. Mr. President, while we are trying to check with our colleague, as the distinguished assistant majority leader has reported, there will be no further votes this afternoon, but I wished to clarify with the few Members that we do have to listen, the fact that we have finally agreed to an amendment that we were unable to in committee. I know in good spirit our distinguished chairman from Wyoming will indulge this amendment on its merits rather than on the proposition that this would ruin that very tenuous, fragile, and exact compromise worked out among the Senate, the House of Representatives, and the administration, for already with the adoption of the Randolph amendment there is no question but what we will have a conference with our House colleagues.

I think this is the major point, Mr. President, with respect to the action by the House of Representatives.

I have had in the time allowed me with the rollcall votes to look at the bill that was introduced in the House at the very beginning. It was H.R. 2445 which was Mr. HANLEY's bill.

The Senator from Wyoming and I were discussing it, and in that discussion, the Senator's position, as I understood it, was that they did not have before them what we have now in the way of a McGee amendment, of simply putting up the money and altering the rate commission.

The fact is that they put in H.R. 2445 with the various subject matters. They were entitled "The Organization of Financial Matters of the United States Postal Service and Postal Rate Commission," introduced in January 1975, which encompassed the duties and powers of the Postal Rate Commission, the changes in its organizational structure, the membership of the Board of Governors, and the revision of the laws relating to private carriage of letters and application to the Postal Service of administrative procedures under title V, the rules governing certain Postal Service con-

tracts, the fees on real property, publications of notice, and miscellaneous provisions, with the right of transfer and everything else.

Having sort of covered the waterfront, Mr. HANLEY, after having the hearings during the 6-month period from January to July, reported in July, for himself and others, H.R. 8603, which is presently under discussion.

Under H.R. 8603, we then come to the Hanley provision, which struck out the varied provisions, and came up with what could be characterized as a well worked out compromise; namely, dealing with just the Postal Rate Commission and the money.

I have tried to parallel the way the problem was posed in the House and the issues they were confronting at the time they adopted the Alexander amendment. At that time, they had—just as we have now—the so-called substitute streamlined, just taking care of the Postal Rate Commission and the money needed. Instead, they said:

No. After five years, we have to go ahead and reassert the oversight responsibility, and we want the Postmaster General appointed by the President and confirmed by the Senate.

That, in essence, is our substitute amendment No. 2201.

Mr. President, I can commence at this time a prepared statement I have on the entire matter, and I will be glad to yield to the Senator from North Carolina. I think he has a point to make, or we will present a unanimous-consent request as to a time limitation on the substitute. However, we did not want to make any agreement without the consent of the Senator from North Carolina.

INTRODUCTION: WHY WE'RE HERE

The Post Office and Civil Service Committee has reported legislation which purports to seek a resolution to the many problems confronting the Postal Service. The committee bill essentially provides for an increased subsidy, the creation of a blue ribbon commission to study postal problems and a moratorium on increasing rates and decreasing services. This proposal is simply a buy away of the

problems we should be working to understand and solve. I am deeply concerned over the course of action which is being suggested. I introduced S. 718 in February of 1975 but I have not been able to get hearings. Now after careful consideration, I propose an alternative which I feel would make the substantive changes necessary for an efficient and accountable Postal Service. I intend to offer my substitute to the Senate so that my colleagues will have the opportunity to consider the proposal on its merits.

My substitute contains seven major provisions. They are as follows:

First. Annual authorization.—Beginning in fiscal year 1978 the Postal Service would be required to come before the Congress each year for authorization and appropriation of its total budget. Additionally, the Service will be required to present an analysis of its projected deficit and an outline of possible actions which would balance the books.

Second. Transitional subsidy.—There would be a \$1 billion authorization for fiscal year 1977 to prevent a disruption of postal operations while Congress reviews the needs of the Postal Service as we gear up for our authorization responsibilities.

Third. Moratorium on increased rates and decreased service.—A moratorium would be imposed on increasing rates, on the closing of post offices which serve 35 or more families and on eliminating door or curb delivery. This moratorium would be in effect until fiscal year 1978 when the Congress begins the annual authorization process for the Postal Service.

Fourth. Presidential appointment of Postmaster General.—The Postmaster General would be appointed by the President and confirmed by the Senate. The Postal Service requires positive attention and guidance from, as well as accountability to, the executive branch.

Fifth. Abolish Board of Governors.—The Board of Governors simply has not done the job. Also it should be the responsibility of the Congress, publicly accountable representatives, to guide and direct the Postal Service.

Sixth. Expedite ratemaking.—There would be a requirement that all rate decisions from the Postal Rate Commission shall be determined within 10 months. The delays of the Commission have been of major significance in contributing to postal losses.

Seventh. Limit borrowing authority.—The ability of the Postal Service to borrow funds to offset operating expenses would be limited to \$500 million at any one time. This provision will also require that the debt be retired within the same fiscal year. This limited borrowing authority will provide the Postal Service with a buffer should a cash flow problem arise during the annual authorization and appropriations process.

Additionally, I must point out that Presidential appointment of the Postmaster General does not create a Post Office Department. Nor do these measures do away with collective bargaining. And, needless to say, we do not want to undo those portions of postal reorganization which prohibit political recommendations.

In 1970, the Congress, with the support of the President, past Postmasters General, and most mail users transformed the old Post Office Department

into a publicly controlled corporation named the U.S. Postal Service. For 6 years we have watched the Postal Service hoping that it would be able not only to survive, but to provide more efficient service. We have been disappointed. Not only has service eroded, but the poorer service is costing us more everyday. Now the committee wants to increase the subsidy and study the problems through a blue ribbon commission.

It is stressed that the committee's proposal is a compromise that has been worked out with leaders from the House Post Office Committee and the administration and that if the Congress moves away from this compromise, the President will veto the legislation. I disagree. It seems quite evident from the fact that the White House will not even return telephone calls from the Postmaster General that the Postal Service has not been a priority of the President's. I cannot believe the President is aware of the crucial state of postal affairs. However, if Congress sends him legislation such as I am proposing, he will need to take notice and sign this sensible approach to a very difficult situation. I cannot see the President by an act of veto raising rates and terminating Saturday deliveries just before November.

While the leadership of the House committee was a part of the compromise, I question whether or not the House of Representatives will agree to it. In September 1975, the House considered a bill that was similar to the approach being taken by the Senate committee. During their consideration they adopted an amendment by a vote of 267 to 123 which required annual authorization and thus accountability. The bill was later recommended to committee and on their second attempt in October 1975 the House again expressed its desire for annual authorization. Additionally, the House adopted an amendment requiring the appointment of the Postmaster General and the Deputy Postmaster General by the President with the advice and consent of the Senate. It seems unlikely that the membership of the House would be willing to begin again.

I do not look forward to taking on the unpleasant task of straightening out the Postal Service. And while I was not a prophet when I voted against Postal Reorganization in 1970, I do not feel we can continue to avoid this responsibility. It is for this reason that I urge my colleagues to carefully review my substitute.

Due to the current financial crisis of the Postal Service and due to the inadequate time available to the Congress for review of Postal Service needs, the amendment authorizes \$1 billion for fiscal year 1977. Then, beginning on October 1, 1977, the Postal Service would be required to come before the Congress

each year for authorization and appropriation of its total budget request.

This would restore accountability of the Postal Service to the people it serves. We would not be giving the Postal Service an open-ended subsidy. We need a strong oversight and effort to halt the continued postal deficits and to assure continued postal services. It is still my intent that the Postal Service would make every effort to balance their receipts and expenditures.

Several months ago OMB Director James Lynn appeared before the committee. At that time, while Postmaster General Bailar was telling us that he could not survive the year without a subsidy, Mr. Lynn, speaking for the President, said he did not think that the Postal Service needed help. He said that the Service is strictly a business proposition and that it should be run as such. The President has continually said that the Postal Service should not be subsidized.

At the same time the OMB continues to review all Postal Service legislation and provide the administration's point of view. In fact, they held up the comments on my bill S. 718 for almost a year. For what other businesses, Mr. President, does the OMB have such tight control while at the same time abdicating any responsibility.

The Postal Service is an important institution to all of the American people. It deserves the positive attention, care, concern, and guidance from the executive branch at all times. And making the Postmaster General a Presidential appointment will insure that the Postal Service gets the necessary attention.

Of course, as I stated earlier, this does not recreate a Post Office Department. The law will continue to prohibit political recommendations and I am not altering the authority for negotiating and consummating labor-management "collective bargaining" agreements.

The most recent survey of the "collective bargaining" activities in the executive branch shows that there are 3,483 separate collective bargaining units. There are recognized labor unions in all major Government agencies. When the Congress created the Postal Service, it made the USPS unique among Federal entities in that the Postmaster General was instructed to enter into wage and hour agreements with employee labor organizations. I have not changed these provisions. In fact, I specifically provide that nothing in my legislation will interfere with the right to collectively bargain.

Next I move to the Board of Governors. The creation of the Board of Governors was an effort to create a corporate structure, modeled after those in the business world, for the newly established Postal

Service. Each of the Governors was supposed to bring to his or her appointment an understanding of the workings of the service including business matters and the public service function of postal operations. It was intended that the Board of Governors would direct and oversee that Postmaster General who serves at its will.

With but a few exceptions, the Board of Governors has displayed little expertise in the field. Since its establishment, 13 members have been appointed. Of these, five members have resigned before the expiration of their terms and the two members who served their full terms were not reappointed. Furthermore, until earlier this month there were three vacancies on the Board: two were just filled. To sum up, the Board had done little more than rubberstamp decisions. Additionally, we should note that the President nor the Senate must take the Board seriously since they continually allow vacant seats not to be filled.

I would abolish the Board of Governors because it simply has not done the job. Besides, it is the Congress that should oversee the Postal Service.

My legislation also provides that all rate decisions from the Postal Rate Commission shall be determined within 10 months. The delays of the Commission have been of major significance in contributing to postal losses. While the committee bill takes a similar approach to expediting rate cases, I should point out that under my proposal the Postal Rate Commission would be making final decisions that are appealable to the courts. The committee would continue the practice of having the Commission send recommended decisions to the Board of Governors for their approval or disapproval.

Finally, I would limit the borrowing authority of the Postal Service. When considering Postal Reorganization, it was determined that the Postal Service, like other corporations, should be permitted to borrow money for capital expenditures and operating expenses. The law authorizes the Postal Service to issue and sell obligations not to exceed \$10 billion outstanding at any one time. The net increase outstanding in any 1 year shall not exceed \$1.5 billion for capital improvements and \$500 million for the purpose of defraying operating expenses.

At the present time the Postal Service has an outstanding debt of about \$3 billion. Of that amount, \$2.8 billion is financed through the Federal Financing Bank, a division of the Treasury, and \$250 million is financed through the issuance of bonds. At the FFB \$1.3 billion is attributable to capital expenditures and \$1.5 billion is attributable to operating expenditures. Of this \$1.5 billion figure, \$500 million was borrowed as recently as May 28, 1976.

Based on their present financial condition, there is a serious question as to the ability of the Postal Service to repay their present debt. Thus, the authority to borrow for operations should be limited to \$500 million at any one time. If the Postal Service should default, the FFB would look to the Federal Treasury for repayment. This is obviously undesirable. This action would never be tolerated in any well run business enterprise.

As we all know, most Americans are dissatisfied with the U.S. Postal Service. We receive literally thousands of letters expressing this dissatisfaction from our constituents. Daily, we read news stories and editorials which express concern about the erosion of service and which question management of the Postal Service. We are not only seeing the erosion of service. We are experiencing a crisis in confidence in an institution which touches and affects the lives of almost every American daily.

It is high time that the Congress provide guidance to the U.S. Postal Service. It is time for us to take a critical look at this necessary institution and make changes which will help the Postal Service get on the track toward achieving the original goals of postal reorganization. These goals are improved service to all Americans and responsible management with the development of financial stability.

I have taken my critical look, Mr. President. And I am offering an alternative to postponing the inevitable. The purpose of my substitute is to insure better service, financial stability and more accountability to the people. We simply cannot continue to ignore the problems by hiding behind another blue ribbon commission as is being suggested by the Post Office Committee.

Mr. President, I know why the Postal Service has gotten into and continued down the road of business failure at the cost to the American people. I think we all know why. The service has been going downhill since the beginning, but we have refused to look. We did not want to see the problems.

Two years ago, Mr. President, after literally thousands of letters of complaints from postal users across our Nation, I decided that we should turn our attention to this mess. I introduced legislation. I asked for hearings. I was told to wait. I was told we should "give them some more time." We never had general oversight hearings and we have but a few staff investigations. But during the past few months, I have studied this issue. I have read the 140 some odd GAO studies and reports. I have reviewed the hearing record from our colleagues on the House side. And I have met with associations, mail users, Postal officials, and the GAO.

Mr. President, I am aghast at what I have learned. I would like at this time to share some of this information with the rest of my colleagues.

THE COMMITTEE REPORT AND OUR SUBSTITUTE

Let us begin by taking a look at the committee report which actually highlights and supports many of the provisions of our proposal. The committee points out that in face of an increasing deficit the Postal Service is reducing expenditures and service reductions. Small post offices have been closed; a number of business deliveries in many cities have been reduced; doors and to some extent, curb line delivery has been abandoned for new residential addresses; overtime work has been reduced, thereby increasing delivery time; and in many regions there has been a freeze on hiring which also increases delivery time. The committee further acknowledges that additional cuts in service are being considered and are extremely likely if the present conditions at the Postal Service remain unchanged.

Next, the committee points out that postal rates have been increasing. The first class rate has increased at a greater rate than the consumer price index and predictions are that rates will continue to increase. I am told that we could see another rate hike after the beginning of the year.

They then move to concerns over the fiscal posture of the Postal Service. The postal deficit increased from \$175 million in 1972 to \$989 million in 1975. A deficit of \$1.5 billion is estimated for fiscal year 1976 and a \$1 billion 55 million deficit is estimated for fiscal year 1977. I quote from the committee report:

If it were truly a business, the United States Postal Service would be bankrupt.

In 1971 \$3.4 billion worth of assets were turned over to the Postal Service. By the end of fiscal year 1977 the Postal Service will be faced with an accumulated deficit of approximately \$4.5 billion. Thus, since postal reorganization, the Postal Service has lost around \$8 billion.

The committee goes on to point out the abusive use of the borrowing authority granted to the Postal Service. Under reorganization we gave the Postal Service the authority to borrow up to \$10 billion. It was intended that these funds would be used primarily for capital expenditures. However, the Postal Service has been borrowing \$500 million a year to the extent of \$1.5 billion outstanding which has been used to defray their operating deficits. The committee has expressed great concern that annual resort to off budget borrowing for operating expenses will only deepen the Service's insolvency.

The report further points out that according to the General Accounting Office

mail is not moving as well as in 1969. Also, there have been problems in the rate setting procedures and problems in increased costs of operation to the Postal Service. Now, it is stated on page 15, after the ground work for consideration of the committee's legislation which began in February of 1973 the committee solution is to commence yet another study with yet another blue ribbon commission and to authorize funds as a stopgap measure.

The mail service to the public has deteriorated and is deteriorating. The public has been expressing its dissatisfaction, not only through complaints to our offices, but also by withdrawing its business from the mails and switching to other means of communications. This is evidenced by a per capita drop in pieces of mail handled since 1971. In the most recent fiscal year, the Postal Service handled 89.3 billion pieces of mail, down nearly 1 percent from 90.1 billion the previous year. The volume drops result in increased rates which in turn produce a greater loss of business which again will force increased rates.

The cost of this vicious cycle has been staggering. The cost of mail service has risen by 63 percent since 1971, while prices of other services measured by the Consumer Price Index have increased by only 35 percent. Despite the negligible increase in total mail handled since 1971, when volume was 87 billion pieces, the public now pays \$3 billion more for mail service than it did in 1971. But the real question, is what level of service does the public receive at this increased cost?

MAIL SERVICE: IS IT AS GOOD AS THEY SAY?

1. DELAYED MAIL

The Postal Service's measurement system shows that on a nationwide basis 96 percent of local first-class mail receives overnight delivery. However, this figure includes only stamped first-class mail, which accounts for only 40 percent of the first-class volume.

The measurement system has weaknesses. A major problem is that the information system can be, and has been, manipulated at the local level. We learned that in Detroit late mail was deliberately removed from the delivery units being counted in order to improve overnight delivery performance statistics. The General Accounting Office observes that during the night before certain tests, special emphasis was being given to the mail at the delivery units to be tested the following morning. Consequently, the GAO designed a test of mail processing operations to determine if late mail was being removed from a delivery unit before it was being tested.

On five separate days, letters which were canceled several days in advance were planted with other mail addressed

to the delivery units to be tested. Mail for these delivery units was sorted at the Detroit Sectional Center and sent to another office where the tests were conducted. On 4 of the days, most of the last letters were removed from the delivery units before the tests. On three occasions GAO located their missing letters along with as many as 10 other late letters with the same delivery unit back at the Detroit Sectional Center.

Three Detroit mail processing foremen said they examined mail destined for delivery units to be tested and removed late letters. They then reinserted these letters in the mail processing operation at a point when they could not be delivered in time for the test. One foreman said he held out as many as 300 late letters in a single evening. Although these foremen said they had been instructed to withhold late mail, their superiors denied knowledge of these activities.

The system has another flaw resulting from the dual purpose measurement of mail delivery performance and volume. The origin destination information system—ODIS—was designed to measure mail delivery performance and volume. However, an accurate measure of both is precluded by ODIS's data collection procedures for recording misthrown mail.

Misthrown mail—mail at the right office but wrong delivery unit—is recorded as "delivered" during a test. Presumption is that mail is misthrown in equal amounts among all delivery mail units and will be sorted to the proper unit for delivery that same day. This presumption is not entirely correct because misthrown mail is not always delivered the same day. Also, offices cannot agree on how to treat such letters and headquarters has no written policy. Recording misthrown mail remaining at delivery units from the previous day overstates mail volume for that day and unit.

The GAO evaluation showed that overnight delivery areas are tailored to meet a 95-percent performance. Geographic areas committed for overnight delivery are determined by each sectional center facility—SCF. Generally, a commitment is made to only those areas where SCF postal management expects to meet its goal 95 percent of the time. Overnight delivery areas are continually being expanded and now include over 50 percent of the first-class mail volume.

Aside from the manipulation the Postal Service does not measure the time required for mail to be collected, transported, prepared for postmarking, sorted for delivery by carriers or clerks, and delivered. The Postal Service assumes that most mail is postmarked the same

day it is mailed and that a carrier delivers the mail on the day he receives it. However, stamped first-class mail destined for delivery overnight and mailed by 5 p.m. is collected and canceled with an a.m. or p.m. postmark of the date on which it is mailed. Mail collected after 5 p.m. receives a minus p.m. cancellation. The minus p.m. cancellation is not recorded on an ODIS test as qualifying for overnight delivery and that mail is not included in the Service's overnight delivery performance statistics. About 20 percent of all overnight area mail receives a minus p.m. postmark and is included in the Service's 2-day delivery statistics.

The conclusion of the General Accounting Office is that the only continuing measure of first-class mail delivery performance before and after postal reorganization is average time to delivery. In 1969, the average time to deliver first-class mail was 1.5 days. Today, the average is about 1.65 days.

2. REDUCTIONS IN SERVICE

Fewer pickups and collections, mis-sent mail, less window service in post offices, no more air mail, closing small post offices. Aside from this overall delay, there have been other reductions in mail service. Prior to the postal reorganization, mail was collected two or three times a day from residential collection boxes. Currently, mail is collected only once a day from most of these boxes. For example, before the reorganization, mail may have been collected from residential collection boxes at 9:15 a.m. and 4:45 p.m. each day and such mail would have been postmarked and dispatched during that day. Under current practice, mail may be collected from these boxes only at 11 a.m., and mail deposited between 11 a.m. and 4:45 p.m. will no longer be postmarked and dispatched on the day of mailing.

The number of mail collections in business areas has also been reduced. The former Post Office Department collected mail from collection boxes in business areas as late as 9 p.m. and some of this mail was postmarked and dispatched on the same night. Collections are now limited, and most evening deposits in business areas are no longer processed on the same day.

Also, prior to reorganization, business mail was delivered two or three times a day. However, except for a few designated areas, deliveries have been reduced to one per day.

Another cause of delay has been mis-sent mail. To speed mail deliveries, increased productivity, and reduced costs, the Service has been increasing mechanization—largely through the installation of letter-sorting machines across

the country. The Postal Service is currently processing about 60 percent of the 51 billion pieces of first-class mail by machines and about 7 percent is being mis-sent. The delay in delivering mis-sent mail is a major reason why the Service has not achieved its delivery standards in 2- and 3-day areas.

The Service is constantly adding more machines around the country to further mechanize the sorting of mail to speed deliveries and cut labor costs. At the time of reorganization, the Service had about 280 letter-sorting machines. Today, including those on order, the Service has 712 such machines. It follows that as more multiposition letter-sorting machines are added, and more mail is being processed on them, the amount of mis-sent mail will rise proportionately unless the Postal Service can solve this problem. However, given the billions of pieces of mail being processed and the proneness of humans to err, a substantial amount of mis-sent mail will continue to be a problem as long as the machines are in use.

A letter-sorting machine can process up to 43,000,200 letters per hour. Each machine accommodates 12 operators who process letters.

The operator depresses keys on a piano-style keyboard console, generally corresponding to the numbers and the letters zone improvement plan—ZIP—Code. The machine interprets the keying entry and directs the letter to one of the 277 bins or receptacles that has been assigned to key code. Letters are manually extracted from the bins, screened for correct keying, and then advanced to the next operation.

GAO's observation showed that machine operators keyed 9.1 percent of the mail incorrectly. After screening, 3.6 percent of the mail sent between States was mis-sent due to incorrect keying and machine error. An additional 3.1 percent of the mail sent between States was mis-sent because correctly keyed mail was mishandled after sorting. Mis-sent mail was delayed an average of 3 days beyond delivery standards because no effort was made to remove it from the normal processing system.

These errors cause a letter to be sent to an improper location. Also, at a minimum these errors cause letters to be re-handled and cause mail delays and additional processing costs. The monetary effect of this rehandling is demonstrated by the House office where machine processing costs were increased by about \$1,060 a day. If this figure were multiplied to reflect the increased costs across the country, we would be talking about millions of dollars per year.

I am not saying that mechanization per se is bad. Given the ever-increasing

mail volume and the labor-intensive service operations, mechanization is necessary if the Postal Service is to provide a highly quality mail service at reasonable rates. The fact remains, however, the present mechanization has increased quantities of missent mail and, therefore, poorer service.

Over the last several years, about \$39 million was spent to develop three pieces of advanced mail processing equipment. This effort has not resulted in the development of equipment that offered advantages over existing equipment. Of the \$39 million, \$28 million was spent

on an advanced optical character reader. The Service has only one machine in operation and has decided against further deployment because it is uneconomical. Postal tests and evaluations of the \$1.5 million air culler have shown that it is not economical either. The \$9.5 million advanced facer-canceller encountered numerous developmental problems. The Service is still hoping that these machines can be deployed in the future.

Among other things, I feel the Service should reassess their research and development program.

Moving on to further deterioration in services, the Postal Service has curtailed the number of hours for window service. Beginning in the spring of 1971, the Postal Service began curtailing window service on Saturdays. Window services were usually available to the postal customers between 8 a.m. and 5 p.m. and the Saturday closings did not allow for pickup of parcels not deliverable during the week, general delivery, postage due, registered or certified mail.

Additionally, stamps cannot be purchased and parcels cannot be mailed on Saturdays unless the post office has self-service equipment available. Usually, these self-service machines' stamp supplies become depleted during the week-end and, if there are equipment malfunctions, they are not usually repaired on the weekend.

Further cutbacks have been made over the years in both the number of street letter boxes and the frequency of collections. Weekend and holiday collections have been particularly affected by collecting policies devised to meet with the service as determined or services consistent with the pattern of modern business and family life.

Collections are made from most residential neighborhood boxes only once daily by the carrier serving the area. More frequent collections have been sharply curtailed and, across the Nation in post office after post office, residential area street letter boxes have been removed from many former locations. Obviously, a reduction in collection and a reduction in the number of boxes is a clear reduction in service.

In its drive to become self-sustaining, the Postal Service took aim early on personnel costs. In the summer of 1971, former Postmaster General Winton Blount announced the first of two retirement offers which featured a half-year's salary as incentive. Many knowledgeable and experienced employees, including a fourth of the supervisory force, left. There were 13,000 retirements as a result of these programs, along with 17,000 additional voluntary or disability retirements between June 1 and December 31, 1972.

On top of this, a hiring freeze, imposed on understaffed as well as overstaffed offices, placed a serious strain on the Service's ability to move the mail. This necessitated wide use of mandatory overtime policy which rankled the employees. At one facility, the Merrifield, Va., mail processing facility, for example, postal workers were reportedly harassed by 6- or 7-day weeks of 11- and 12-hour duration. Later, national agreements between

the Service and the craft unions require the Service to seek volunteers before ordering mandatory overtime, and then to order overtime work in inverse order of seniority. During this time, low morale and understaffing contributed to the Postal Service's failure to achieve delivery standards. It also caused the delay of millions of pieces of first-class mail. This cost control program proved to be intolerable as acknowledged by the Postmaster General in testimony before the Senate Post Office Committee in March of 1973. He said:

We were so hell-bent on costs that we did not pay enough attention perhaps to service . . . we made some damn bad mistakes.

Presently some regions continue a freeze on new hiring. This practice along with reductions in overtime work necessarily increases the delivery time of mail.

Another attempt to improve service began in October of 1975 when the Service implemented the "first class improvement program," a test plan to upgrade first-class mail service to achieve delivery equal to or better than airmail. Prior to the new program, airmail service was destined for 1- to 2-day delivery while first class mail was destined for 1- to 3-day delivery depending on distance and available transportation. Under the new program, 90 percent of all first-class mail weighing 13 ounces or less is programed for next and second day delivery. For the mailing public, the practical effect of the program is that there is no longer an advantage in purchasing airmail postage for domestic delivery.

The Service initially estimated that it would save \$90 to \$96 million by implementing the program because airmail would no longer be collected, handled,

and processed separately from first-class mail. An independent assessment by the Postal Rate Commission concluded the Service might be expected to achieve a net annual savings of at least \$88 million.

According to GAO, the results of the program have been disappointing. While the Service is now delivering about 17 percent of its first-class mail faster, it has not been able to meet its upgraded commitments with any consistency. Also, it appears that only a portion of the estimated savings will be realized.

During the years 1970 to 1975, the Postal Service used the work load recording system—WLRS—to measure productivity in various mail processing operations within a post office. The Service fostered competition among post offices by generating a list of the top 80 offices in productivity.

The work load recording system was implemented to assist management in measuring and analyzing mail volume and staff hour data in specific operations, post offices, and regions. Chief elements of this system were a standardized description of mail processing, support, and administrative operations; records of mail volume by weight, containers and pieces; and records of hours worked by mail handlers and supervisors.

Postal management used data from this system to compare productivity office by office and to foster competition among

post offices. Management started listing the top 80 post offices by productivity and by mail volume, both of these factors appear to increase nationwide.

When the top 80 list was first started, the D.C. Post Office ranked near the bottom. Before long, however, it began to rise. Larger and larger mail volumes were reported and productivity improved until the City Post Office consistently ranked at or near the top. Thus, it was considered one of the best run post offices in the Nation.

The City Post Office is one of several comprising the former capital district. The individual who served as the Capital District Manager from July 1971 until October 1975 served as postmaster of the City Post Office from December 16, 1958, until his promotion on July 23, 1971. After a series of officers in charge, the current postmaster was appointed on January 12, 1974.

In a GAO review the Postmaster told them that after being on the job for only a brief period, he realized that mail volumes being recorded were incorrect. His tours of the facility indicated:

First, the volumes recorded were higher than those he observed; and

Second, the facility was generally overstaffed. He said this overstaffing resulted from the inflated mail volumes. In his office, he found prior inspection service

reports which documented the history of falsification of mail volumes. There is no record, however, of any corrective action having been taken by his predecessors. The Postmaster said at this point he really did not know what to do about the problem so he decided to allow mail processing operations to continue as they were for the time being.

The postmaster told GAO that after assuring himself that a serious problem existed, he took corrective action. During May 1974 he called a series of meetings of all tour supervisors and informed them he knew of the volume falsification and wanted it stopped immediately. He threatened to fire anyone caught falsifying volumes in the future. As a result, mail volumes and productivity reported in the workload recording system for the periods June 2 through June 28, 1974, declined about 25 percent.

When the results for this period became known at the district level, the district manager called the postmaster to his office and requested an explanation for the drop in productivity. When the postmaster said the prior productivity figures were false, the district manager disagreed and accused him of having lost control of the city's post office.

This controversy ultimately resulted in a request by the eastern regional postmaster general for an Inspection Service audit. The audit of the post office began in August 1974 and concluded in March 1975. The Inspection Service found that, in spite of the postmaster's warning to subordinates to cease all mail volume inflation, the situation had not been completely corrected. The Inspection Service estimated that inflation of total piece handlings may have exceeded 60 percent.

As a result of the audit, 28 supervisory employees, ranging from firstline manager to tour superintendent, admitted falsifying workload recording system data and/or were implicated by others. Eighteen craft employees also admitted deliberate falsification of data and/or were implicated by others.

The most common reason given by employees for participating in the fabrication were the pressure from higher management to achieve unrealistic productivity levels and a belief that their careers would suffer if these levels were not met. The inspection service report contains statements from employees such as "I, as a supervisor, knew that desired productivity had to be met or my career would suffer"; "Word from higher up would come down to improve productivity or be fired"; and, "For me, it meant that if I did not satisfy demands, my 20 years of service was in jeopardy."

Supervisors who were implicated said management had set unrealistic produc-

tion goals and that if goals were not met, the person involved would be fired or transferred to a less desirable assignment.

The supervisors also cited as a reason for falsification the management practice of keeping staff on "acting status." Supervisors serving in acting status positions considered themselves to be more vulnerable to pressure than employees holding regular positions. They felt that they were being tested to determine whether they would conform to the system and meet productivity goals. To satisfy these goals, many employees either inflated mail volumes themselves or condoned such actions by subordinates.

The Inspection Service report concluded that, despite repeated letters from the region calling attention to Postal Service procedures and stating that mail volumes were inflated due to improper recording procedures, no corrective actions were taken.

On the basis of the GAO study it appears that falsification continued after the postmaster ordered it stopped because: First, the true productivity statistics would have painted an unfavorable picture; and second, the former postmaster, as district manager, was still in a position of authority and influence over city post office operations.

Fortunately, several improvements in the efficiency of the post office have been made. A number of employees and paid hours have been reduced and the trend of continually decreasing productivity has stabilized since the Inspection Service audit. There are now 554 fewer employees, 1,016,000 fewer paid hours.

While an audit has not been conducted on other post offices that are under the same program, it seems quite possible that other abuses of the workload recording system exist. The point to be made by this incident is that while the Postal Service claims increased efficiency and productivity, it just does not exist in many cases.

In another area of mail delivery the Service instituted a new policy of providing only curb side or cluster box delivery to new housing developments. Developments currently receiving door-to-door service would not be affected. The Service has met with strong opposition to this policy in many local areas, some in the form of ordinances which prohibit residents from installing curb side boxes. It is really the preference of the Postal Service to install cluster boxes.

And while they claim such action would significantly decrease the costs of delivery, the proposal is clearly discriminatory and the standard of service would not be the same for all residential households.

Finally, the Postal Service has recently decided to close small post offices in rural America. Mail service to rural areas is provided through 18,300 small post offices—formerly referred to as third- and fourth-class post offices; 2,100 contractor operated facilities; and 30,700 rural routes. About 4 million families are served by these facilities. Again, the Postal Service would close these offices in the name of saving dollars.

In instituting this program, the Postal Service decided to survey small post office facilities before commencing a plan to close offices. However, it has been reported that the decision to close was made prior to such survey. Obviously, a survey is useless when the result has been preconceived.

When considering whether or not to close a post office several factors must be considered. What level of service will the patrons receive? What contribution does the post office play in community identity? What is the expected growth of the community? What saving can be expected from the closing of the post office, and is this saving balanced by the dissatisfaction that may result of postal patrons?

In recent months we have seen the great stir that has been caused by closings and threatened closings of small post offices in America. In fact, a number of Congressmen and Senators joined in a lawsuit with the aim of stopping such closings. When Postmaster General Bialar was before the Senate Post Office Committee on March 29, 1976, he stated that the very small sum of about \$2 million has been saved as a result of these closings.

The present status of the Postal Service has brought about major concern from just about everyone, particularly over current postal policies affecting mail service. The Postal Service is not a business, nor is it a public business. It is a service that touched upon the lives of just about everyone in America. This leaves intact the key issues of just how the mails should be delivered, and who is to pay for what. The answers to these questions cannot be postponed any longer.

I think it is fair to say that all economies, programs for saving money, have been costly to the quality of mail service.

Instead of saving money through service reductions, it is my opinion that better business practices might effect greater efficiency in management and better mail service to Americans.

POSTAL POOR BUSINESS PRACTICES INTRODUCTION

Mr. President, one of the major goals of postal reorganization was to make the newly constituted Postal Service a truly businesslike operation. Corporate managers were recruited from major indus-

try to get the system going.

Unfortunately, Mr. President, most of these corporate operatives must have left their business and knowledge, principles and skills and integrity in private enterprise. The Postal Service is no more businesslike than it ever was. In fact, it is much worse. It is much worse, Mr. President, because the Service is not accountable to the President, the Congress, or the American people.

I do not pretend to be a management expert. But it does not take a specialist to detect the wrongdoings, mistakes, and outright scandalous business activities the Postal Service has put on the backs of postal users across this country.

The Postmaster General has indicated that he must cut services, close small post offices, and raise rates to keep the Service afloat. I ask, Mr. President, why the Postmasters General were not so frugal when they were giving sole source contracts to their friends to perform "services" for the Postal Service. I ask, Mr. President, why they were not more protective of taxpayers and postal funds when they planned the bulk mail system which put more than \$90 million of contracts into the construction firm of a former Postmaster General. Why is the Postal Service not able to become aware of the bulk mail failure and write it off as other big corporations would do instead of trying once again to bail themselves out of this mistake by even further burdens on the American postal users.

Mr. President, why was the Postal Service not more protective of and aware of their financial situation when they contracted for designs of facilities which were never built because the concept was wrong from the beginning.

Why, Mr. President, was the Service not more aware of Postal Service finances when they, unlike any other corporations about which I know, moved their regional offices from Atlanta—the commercial hub of the South—to Memphis. And why does the Postal Service continue to perpetuate the district level of management which is no longer necessary.

Mr. President, I would like at this time to share with my colleagues some of the information I have gathered from mail users, postal management, clerks, carriers, postmasters, and our colleagues here in the Senate and in the House. This information sheds an important light on the present postal situation. We must understand the nature of the problem before we can move forward on meaningful postal reform.

SOLE SOURCE CONTRACTS

Generally, the biggest problem I have found with the business practices of the Postal Service is reflective of the fact

that they do not forecast. Whether it is with bulk mail, advertising, equipment and maintenance, or contracting for services, the Postal Service seems not to know what it is getting into until it has already done so.

Mr. President, early in the second ses-

sion of the 93d Congress the House Subcommittee on Postal Facilities, Mail and Labor Management conducted extensive investigations and hearings which reviewed the Postal Service's contracting and procurements policies. This was done in response to loud public outcry through letters, news articles, and complaints from vendors who felt they were not being given a fair deal. There were strong allegations of impropriety, including alleged conflicts of interest, favoritism, intimidation, and circumvention of regulations by postal officials.

While it is not my intention to point a finger at any one particular Postmaster General, it is important that we understand both the history of postal procurement and the findings of the House.

Prior to postal reorganization, the Post Office Department was bound to follow all Federal procurement regulations. After postal reorganization, Postal officials argued that a new business-oriented agency they needed flexibility.

The broad authorities as provided for in section 410 of postal reorganization granted the Postal Service an exemption from Federal laws relating to contracts with a few exceptions such as those laws pertaining to labor, civil rights, and criminality. In the words of Mr. James Woods, a former high level procurement official for the Postal Service, reorganization "had granted us probably the greatest—procurement—authority any Government agency has ever been given."

With this new authority the Postal Service developed the Postal Contracting Manual which was to unify and systemize postal procurement in a way it had never been done before. During the House hearings, one of the authors of the manual stated:

The first point in all of it (manual) is competition, no favoritism, and awarding contracts on a free and open basis.

We were encouraged to see postal management reorganize the system, to best protect the interests of the consumers.

Unfortunately, however, this freedom to engage in contracts was abused. A 1974 GAO report "found extensive sole source contracting representing about 44 percent, by dollar value, of total headquarters procurement." The GAO, at that time pointed out:

It is well established that there is less assurance that fair and reasonable prices will be obtained on procurements negotiated

under sole-source, as opposed to competitive contracting.

Assistant Postmaster General Robert McCutcheon, in charge of postal procurement told the House that—

I know competition versus sole source normally will save an average of 30 percent.

Mr. President, thanks to the initiatives of independent news reporters and the outcry of public response and the aggressive leadership of the House subcommittee, the following information surfaced. And the Postal Service has improved its contracting authorities.

The Postal Service justified sole source contracting because "an urgent or immediate need existed and/or a particular contractor was the only source of supply." In 1974, the public learned of Postal Service's relationship with Burnaford & Co., Inc., an advertising agency directed by Mr. Charles Burnaford, a friend of former Postmaster General Klassen.

Between June 1970 and August 1973, this company was awarded "about \$815,000" for services. A number of audits by the Postal Inspection Service, the GAO, and independent investigation found that: First, Burnaford & Co. charged twice as much in salary in the second year; second, Burnaford & Co. billed the Postal Service for labor costs in excess of actual labor costs; third, Burnaford & Co. charged the Postal Service for all his auto expenses—Cadillac, Mercedes-Benz, and Datsun; fourth, Burnaford & Co. overcharged the Postal Service for travel expenses; fifth, Burnaford & Co. charged bad debts from other clients to the Postal Service; sixth, Burnaford & Co. charged for personal telephone calls; and seventh, Burnaford & Co. was charged with basing profits on a percentage of direct labor.

Mr. President, I cannot see any direct urgency in the acquisition of creative advertising services. Nor can I see that there was any urgency in Deputy Postmaster General's arrangement with another friend, with whom he was later employed, to consummate a consulting arrangement with a retirement advisory firm. Further details of this scandal are not worth our time. However, this issue was presented in the House subcommittee's report which can be reviewed by my colleagues if they desire.

The House committees study of postal contracting uncovered wastes of considerable sums of money. Some of these wastes were caused by sheer bad judgment or poor management, others can be explained by what the Postal Service calls poor "planning or forecasting."

In March of 1972, the Postal Service began contracting for executive recruitment to fill permanent job positions within the Postal Service. In the first 2

years of this program, the Service "spent about \$660,000 in contractual costs to fill 78 positions, or an average cost of more than \$8,400 per individual hired." To quote the House report further:

Apparently, no consideration was given to whether the recruiting could have been done in-house or through the Civil Service Commission.

A postal official stated that it has become "unofficial" policy to engage search firms for executive level positions. He added that executives meant officials earning more than \$21,000 or more at the time the program began.

Mr. President, I only wish that such expenditures could be more directly related to providing postal users better, more efficient, and reliable service. The Service said that "this program was intended to exemplify good business practice * * *." I am not sure that it is good business practice to spend so much money identifying talent through outside outlets when we all agree, including present postal management, that experienced postal workers can do the best job.

Audits of this program have shown that contracts, often oral agreements, have been extraordinarily wasteful. To quote the report again:

Analysis of the \$660,000 program shows that about \$137,000 worth of "task orders" (informal contracts) resulted in no individuals being hired.

Additionally, the House subcommittee learned that one postal official was responsible for this program and that no one was responsible for evaluating or even monitoring the program. This waste, Mr. President, should not have occurred. But until accountability is restored, I feel that it could continue.

Mr. President, a number of years ago, we were outraged to learn about the Postmaster General's elaborate headquarters suite. We read in the news about the costly kitchen and furnishings. I have recently reviewed the GAO study of the costs for furnishing the Postmaster General's suite and I would like to insert these figures in the Record. I learned that the Postal Service spent \$48,000 to furnish the Postmaster General's suite of offices. This includes art work, lush carpeting, and other accessories none the like of what we occupy here on Capitol Hill.

The Service also spent \$130,000 to furnish the space where the Board of Governors meet monthly. This, of course, includes full dining and entertaining facilities on the top floor of the L'Enfant Plaza headquarters. Mr. President, I was also intrigued to learn that the Postal Service spent roughly \$3,700 to outfit the Postmaster General's office with walnut doors. And Mr. President, we should all

know that outfitting these suites was done on the basis of sole source contracts because, and I quote, there was "not sufficient time to solicit competitive bids."

Mr. President, I recognize that these are not terrifically large sums of money. However, there is waste. And the public becomes more aware of this waste when rates go up or when an important letter is delayed or lost. Mr. President, if we can restore accountability, we can restore confidence. But with no accountability, and thus continued waning of the public's confidence, the Postal Service and mail consumers are in for hard times ahead.

OTHER WASTES: BAD FORECASTING

A second major goal of postal reorganization was to make a major commitment to modernizing facilities and developing more mechanized systems for processing mail. The Postal Service has squandered many public dollars on developing systems which were never necessary or which will never work.

Mr. President, between the beginning of postal reorganization and the winter of 1974, the Postal Service spent \$43.4 million to contract for developing modern equipment. They sought to develop and refine the air culler, the advanced facer-canceller, and the advanced optical character reader. This equipment was intended to reduce labor costs.

In 1974, the GAO evaluated the progress on these projects. They noted that:

First, all three machines are "islands of mechanization" which means they are manually fed and unloaded; second, after six years in the developmental state none of the machines are suitable for production and deployment at this time; third, all three machines will cost two to thirty times more than the existing system and none of the machines will result in substantial manpower savings.

And they have not.

Mr. President, the GAO explained this problem. They told us that test and evaluation activities for these items were under the control of project management and that there was no "adversary function" to challenge program manager decisions.

The GAO recommended independent evaluation and/or supervision. In other words, oversight was needed. It did not exist. Nor does it now. And that, Mr. President, is one of the major thrusts of our substitute proposal. It is absolutely imperative that the executive and legislative branches of Government oversee the Postal Service in an effort to keep it alive and well.

One might argue that we are free to go on record with our advice to the Postal Service. In fact, the gag rule was suspended just this year and I am now free to talk with the postmasters in my State. However, informal talks do not work.

The Postal Service has become an independent island unto itself. It is neither responsible nor responsive. In 1971, when Postmaster General Blount came to the Hill to tell us about his plan for a new \$1 billion bulk mail system, a number of Congressmen indicated that they had reservations. This did no good. The Postmaster General returned to his office and proceeded with the project which has been the Service's largest and most obvious boondoggle to date. I will talk about the specifics of this problem later. The point I wish to make is best stated in the House Committee report. I quote:

Many, and perhaps most, of these problems were caused by postal management's over-eagerness "to get things done" despite insufficient planning . . .

Mr. President, a final example will be stated to further clarify and expand upon this important point I am making about poor planning and lack of foresight.

In June of 1972, the GAO issued a report, entitled "Examination of Selected Terminated Architect-Engineering Design Contracts." The report indicated that the Postal Service paid architectural-engineering design firms to design five multistory postal buildings in which preferential mail—letters—and bulk mail—advertising circulars and packages—were to be processed. However, in midstream the Postal Service determined that the concept of multistory buildings was not appropriate for mail processing, and that another approach would be developed. The vendors received payment.

The Postal Service had designed buildings which they could not use. To quote the GAO report about this endeavor:

We believe that the Postal Service will receive little, if any, benefit from the work performed by the architectural-engineering contractors on the design of the five postal buildings.

Instead of building the five buildings the Postal Service decided to embark upon the development of the bulk mail system. Unfortunately, they have spent \$1 billion thus far. And I am not alone in my thinking that they might soon abandon the idea of a national bulk mail system.

Mr. President, it is my strong feeling that Postal management wants so badly to succeed that they move too quickly, and needless to say, they have a pretty good record for falling flat on their faces.

BUSINESS INEFFICIENCIES

VEHICLE MAINTENANCE

Review of GAO studies indicates that the Postal Service practice of servicing and maintaining their own vehicles is wasteful. The Service has over 100,000 vehicles in its fleet which they service in their own facilities when possible. However, the GAO reviews show that "com-

mercial maintenance generally costs less than that performed at the Service's facilities." The study shows that the commercial cost for replacing a starter is \$16.45, but that it costs the Postal Service \$67.37 to do the same work. The commercial cost for replacing a muffler is \$17.34 but it costs the Postal Service \$97.98 to do this work. The commercial cost of a tuneup is \$21.55 versus the Postal cost of \$42.05. And the commercial cost for installing a starter and ignition switch is \$42.51 as opposed to the \$81.50 it costs the Service to do the job. On the face of it, Mr. President, this is rather ridiculous that the Postal Service is encouraging such wastefulness, again at the expense of mail users. Again, I say that service suffers as a result of poor management. And to get better management of this massive and very important institution will require a renewed commitment to accountability.

MAIL TRANSPORTATION CONTRACTING

Mr. President, the Postal Service frequently contracts vehicle services as a means of transporting mail between postal and private facilities. They have more than 12,000 contracts on which the Service expends about \$300 million every year.

A GAO study, which I reviewed, indicated a finding that postal procedures were not adequately identifying opportunities to reduce costs while maintaining the same service. A review of 85 such postal contracts disclosed that the Service could eliminate or reduce 16 of the contracts and save about \$185,000 and about 88,000 gallons of costly fuel every year.

While the Postmaster General, supported by his Board of Governors, tells us that he must cut back service to keep the Service afloat, there is continued waste of funds which could be used to cover costs. The relatively small sums of money wasted add up over the course of a year. And I am convinced that these wastes would not continue if the Service was held accountable, if the Service was forced to report on its budget and have it reviewed by the OMB and the Congress.

PRODUCTIVITY. MANAGEMENT

Mr. President, with the mechanization of postal facilities across the country, it was planned that productivity would rise considerably thus saving money and cutting the costs of operating. Unfortunately, reports on productivity improvement statistics are not reliable and I am not able to determine the degree to which productivity has decreased.

Between 1970 and 1975, the Postal Service used the workload recording system to measure productivity in various

mail processing operations within a post office. As an incentive, Postal Service management injected competition between offices; they generated a list of the top eight offices in productivity.

On the surface, this system was initially very successful: both productivity and mail volume appeared to increase nationwide. But an audit in 1974 showed that in many offices purported productivity gains were achieved by manipulating the records.

This records falsification was so widespread, Mr. President, that the Postmaster General was forced in November 1974, to grant amnesty to all postal employees on the condition that the irregularities would cease. The Washington, D.C. Post Office was near the bottom of the list when the list of 80 was developed. In time, the productivity and mail volume increased steadily and the office reached the top of the list. However, the 1974 audit revealed that productivity may have been inflated by as much as 110 percent in that one office.

I am not trying to unnecessarily jab at the Postal Service. However, I think that it is important that we understand the complexities of the management problems. We in the Congress will never be able to improve postal productivity.

However, we were promised that, with the huge investments in mechanization, productivity would be improved, thus saving money and holding costs at reasonable levels. Unfortunately, the Service has not yet been able to adequately determine to my satisfaction the degree of success. I am astounded to hear how productivity has increased but then to learn that the figures have been grossly manipulated.

Mr. President, I am convinced that a public subsidy is necessary. However, I am equally convinced that the American people want to know what they are getting in return for the infusion of public funds. Without reliable statistics, we are not able to know what we are getting.

WORKING CONDITIONS IMPROVEMENT PROGRAM

Another major goal of postal reorganization was to improve the working conditions in postal facilities. Poor lighting, bad ventilation, excessive noise, and cramped space made the working conditions very difficult for many hard working people in the Service.

Many of us were pleased to learn that in early 1972, the Postal Service created the working conditions improvement program. The objective was to have 95 percent of postal employees housed in adequate facilities by June 30, 1975.

In December of 1974, the GAO reported that the program was not well managed in its early stages. This poor management, the GAO tells us, inhibited progress on this needed program. Some of the

problems included: First, insufficient staffing and direction to effectively execute the program; second, inadequate reporting procedures for informing management of program progress; third, a need for improved identification of needed facility improvements; fourth, a need to obtain employee views on required facility improvement, the Service's inadequate guidance on improving leased facilities, and fifth, a need to insure that improvements are made in order of their priority.

Mr. President, the program was completed in 1975 with a total commitment of \$260 million. At that time, the GAO reported that "87 percent of postal employees were housed in fully adequate space or in buildings being upgraded." A high level postal official told us last week that these figures were not accurate, that the movement to new bulk mail facilities skewed the statistics and that many, many employees in numbers and not just statistics still work under bad conditions. I also learned, Mr. President, that much of the resources expended on this program were used to repaint flag poles, clean up lobbies, and so on. In other words, I learned that the conditions for employees had not improved as we all hoped they would.

It was good policy to improve working conditions. It was bad policy to not face this problem as fully as the Service should have.

MANAGEMENT OF EXCESS SPACE

Mr. President, I have just received a GAO report which indicated that "the opportunity exists to generate additional revenues by identifying excess space and leasing it to other Government agencies and commercial tenants."

Since postal reorganization, the Postal Service has taken over the management of many postal facilities which have more space than the Service presently needs. There are two explanations for the excess space:

First, the Postal Service has a policy of acquiring space to meet projected 10-year requirements.

Second, mail processing concept changes, such as the area mail processing plan and the bulk mail system—consolidated mail processing in large mechanized facilities—created excess space in a number of facilities.

If the forecasting and 10-year projections are valid, which parenthetically I am not sure is so, then the acquisition of excess space makes good sense. But letting the space go idle costs us revenues which could be derived from leasing the excess until it is needed.

(6) GOVERNMENT RELATIONS

Mr. President, we all know that large corporations have a Government rela-

tions function within their corporate structure. Essentially these units represent the organization's interests here in Washington and in the 50 State capitals. Most of these organizations are very aggressive in their efforts to hear and be heard.

The Postal Service has a Deputy Postmaster General for Government Relations. I do not know who this man is. I am sure that he has been with the Postmaster General when they have come up here to testify. But not once has he brought to me a legislative proposal which would make the service better. I understand that the Postal Service asked the committee for legislation which would permit them to use their own counsel instead of legal representation by the Justice Department.

Given this fact, it seems fair to assume that the Postal Service is happy with the Postal Reorganization Act as it was written and that no further modifications are necessary. All the Service wants is continued independence but with a higher allowance in the form of an increased subsidy.

Mr. President, every mail user, postmaster, union, or association representative, and mail user is unhappy with the Postal Service. The supervisors and postmasters have filed suit against the Service. Many large mail users are seeking alternative forms of delivery. Everyone of these interest groups has been in to see me or my staff. Each of these groups has indicated its support for changes in the law. Each has told me of its own problems with the Service as well as the more general problems. But not the Postal Service.

The Postmaster General came to see me once. He seemed to be a nice fellow, but he did not tell me of problems we could help with. I indicated that I have not met his Deputy for Government Relations. My staff does communicate frequently with the Deputy's regional representative who is very responsive when it comes to the handling of constituent complaints. More often than not written response take from 4 to 7 weeks for canned responses. But I understand the backlog caused by at least 40,000 Congressional letters a year. Parenthetically, this is not to be excused. The Service should better equip itself to handle this volume—another example of poor management.

Mr. President, it troubles me deeply that the Postal Service is not more aggressive in their Government relations function. It troubles me that they react to our proposals but do not use their intimate knowledge of the problems to guide us. And, needless to say it troubles me that they took more than 1 year to respond and provide comments on the bill I introduced in February of 1975.

Mr. President, I have called for more congressional oversight because it is clear to me that if we do not watch the Postal Service no one, who can change the problems, will. If we do not review the budget, ask the hard questions, no one will. If we do not review the law to look for necessary modifications, no one will.

In concluding on this topic, I must reiterate my disappointment with the Postal Service's relationship with Congress. We should be working together for the American people.

(7) DISTRICT OFFICES: EXCESSIVE LAYER OF MANAGEMENT

Mr. President, I am concerned that the Postal Service is continuing its top heavy management stature. I have learned that there are 57 district offices across the country.

According to the GAO, "the district office has responsibility for supervising the operations of post offices within an established geographic area. They oversee all functions of the management sectional center-mail processing, customer services, personnel and financial aspects". According to Postal Service sources these offices operate on budgets which range from \$250,000 to \$500,000 per year.

Mr. President, not too long ago a postmaster in charge of a sectional center wrote me a letter in which he described the district layer of management. He said:

This (district level) is one of the biggest problems for the Sectional Center Postmasters. The district office staffs frequently block, delay, amend and disrupt any and every progressive program of the Sectional Center. . . . The district level is a management layer that is unnecessary and expensive . . . they are high-salaried and stay on per diem most of the time.

I must take this postmaster at his word. For a year, I have asked the Postal Service, unions, associations, and layer mail users what they think. The Postal Service has never provided a formal reply. Others have indicated their beliefs that it is a management level used as a political dumping ground used to help the Service retain partisans whose jobs were phased out as a result of consolidation.

Mr. President, I am worried when I get no real hard information about such a large sum of money spent on a so-called management function which has never been adequately justified. I am convinced that this is one of those obvious functions which will never be justified until accountability is restored to the system of postal management.

Now, let me go back to the worst boondoggle.

THE BULK MAIL SYSTEM: THE WORST BOONDOGGLE

Mr. President, in an appearance before the House Post Office and Civil Service Committee in March 1971, Postmaster General Winton Blount announced his plans for a "national bulk mail system." This centralized system for processing fourth-class packages and some third-class mail was to consist of 21 new facilities with 12 auxiliary stations. It was to cost \$950 million and it was to be in operation during fiscal year 1975. To quote the House Committee report of March 25, 1976:

The project was to be the first significant leap forward initiated by a new postal management team which was to lead the Postal Service into a new era of efficiency through modernization.

The planning, design, and implementation of this project, Mr. President, represents, without a doubt, the worst postal boondoggle in postal history. The concept was bad from the beginning. The project planning was grossly inadequate and poorly thought out. The system designed does not work, packages are delayed, damaged or lost, money was wasted, and equally important, public confidence has been lost. Let us look at the background of this program and understand the problems which are, I believe, basic and symptomatic of poor management.

By the time postal reorganization was enacted, parcel post processing was in a state of chaos. Parcel damage rates and delays were driving away parcel post users. Postmaster Blount "was anxious to have something—anything—new and dramatic built within 5 years to symbolize the new postal management's determination to make changes." In spite of warnings from postal officials, Members of Congress and major mail users who feared the system would not work, Mr. Blount proceeded full steam ahead with the project.

According to the House Committee: "Unfortunately, there is very little documentation to explain the reasoning which led (Postal Management) to acceptance of the 21 unit concept, according to Mr. Brower (Assistant Postmaster General), because at that time the new management team did everything "on the back of an envelope" and eschewed standard government traceability procedures.

Mr. Brower indicated that he understood there were some abstract discussions of what could be done, but the House subcommittee "found no evidence that any serious cost-benefit evaluations were done on alternative concepts, such as a decentralized, less mechanized chain of facilities."

Mr. President, this represents the worst kind of management decisionmaking I have known. Furthermore, while

not documented, there is reason to suspect some improprieties as Mr. Blount's family construction company received about \$91 million worth of contracts. This is public knowledge and a point which I do not wish to belabor at this time.

I have learned that two very high ranking postal officials close to the project admitted that "if they had it to do over again, the present system would never have been built." According to the House Committee report Postmaster General Bailar said, "We'll have to live with what we've got." Two postmasters in major cities claimed that there was less damage and better service under the old system, and that the bulk mail system is a disaster. The former President of the National Association of Postmasters of the United States told the House Committee:

I haven't heard anything good about (the NBMD) from any postal people I have talked to.

And the House Committee staff who interviewed employees across the country found this to be the prevalent thinking in the postal community. Let us now look at the problems.

The immediate problem of the system is damage. The GAO tells us that the "Service's goal is to keep damages below 0.5 percent of the mail processed." Between October 1975 and January 1976 the GAO reports that "three of the four operational centers we visited reported damage rates in excess of the Service's goal which ranged from 0.75 to 1.93 percent." As we read in the newspaper, Chairman CHARLIE WILSON of the House Subcommittee on Postal Facilities, Mail, and Labor Management paid a surprise visit to the Detroit facility. He reported that "tens of thousands of pieces of damaged mail were found awaiting claims processing at the downtown post office. Most of these items had clearly been crushed in the mechanization." There is also reason to believe that the damage statistics are not accurate and and, therefore, the damage rate is much larger than is reported.

It is clear that the fast design, no trial period, immediate jump by Blount into this project was wrong. The machines cannot process all parcels so labor is still high—8 percent or, 25 million pieces must be hand sorted. I have learned that the personnel complement was inadequate and will have to be expanded. Manual sorts, customer relations personnel who must explain to customers, and others are needed to keep the system going. The House Committee reported:

Most facilities have been running extra hours and require extended use of overtime to process the mail.

Mr. President, in spite of the fancy machines, which many postal officials agree was unnecessary, service continues to be lousy. I understand that missent rates average 5 to 10 percent or 15 to 30 million parcels per year. Trucks are frequently not dispatched until they are full. This causes delays.

Mr. President, for those of use who believe the post office should be run by experienced postal workers, it is interesting to note that of the 21 general managers of major bulk mail facilities, only 4 have any postal background.

Safety is a major problem within the bulk mail system. Safety officers were not consulted during the design stages of development. Therefore, much of the equipment is dangerous. In one facility, a woman had her legs crushed in the system. The roof of the Phoenix facility caved in. The safety officers, who I have been told are overworked and their offices understaffed, are modifying the equipment where possible for the safety of employees. But it is clearly a catch-up proposition which could have been avoided had the system been adequately planned, designed, and implemented.

The safety factor as well as the mechanization and physical layout of the facilities has contributed to low employee morale. Workers are isolated from one another so that there is no one around with whom they can talk, ask advice or whatever other communication might be necessary. The House committee, after investigating the system, reported that "the rate of sick leave is increasing rapidly and efficiency is declining."

Mr. President, one of Mr. Blount's major goals in developing the system was to get back parcel business which was being lost to the Postal Service's competitor. Unfortunately, Mr. President, the Postal Service just dove right into their new program. They might have learned something by studying their competitor which presently controls a large segment of the parcel market and does so with a profit.

In 1971, when the bulk mail system was proposed the competitor had expanded from handling 7 million packages in 1952 to 547 million per year. USPS had shrunk from about 1 billion to 536 million packages per year between 1952 and 1971. The decision was made that spending \$1 billion on new facilities would so improve parcel post that many packages would be taken from the competitor and from new sources as a result of this investment to reach the projected bulk mail system volume of about 1 billion packages.

No indepth study was made of the competitor or its method of operation. The competitor was simply dismissed as

a "cream-skimmer" who selectively served portions of the market and provided delivery service only in these selected markets.

What was the competitor doing?

How had it become so successful and yet served only these "selected markets"?

It has provided among others the following service features which the Postal Service did not provide:

First. It gave pickup service—it went to the customers and picked up the packages from them saving them daily time-consuming trips to the post office and allowing them to avoid waiting in line.

Second. It insured every package automatically to a value of \$100, and made additional insurance easily available. USPS only made this available for the packages on which the customer would pay a special fee and fill in special forms.

Third. It kept a simplified record system of every package which allowed it to prove that it had delivered the customer's package—these records were readily available to the shipper if needed in order to resolve the important questions of delivery and payment for the merchandise.

Fourth. In the areas it was certified to serve, it delivered the package to every address accessible by a passable road irrespective of whether that address was in a first-, second-, third-, or fourth-class post office and whether or not that post office had delivery service or whether or not that destination address was on a rural route.

Fifth. It expanded the selected markets it would serve as rapidly as it could accumulate the needed capital, promote and train the necessary management personnel, and secure authorization from the Interstate Commerce Commission and the many State regulatory bodies to serve these new areas. In 1971, the competitor expanded its operations into 12 States and late in that year applied to serve the remaining States which it did not serve in the 48 contiguous States, and finally,

Sixth. It had built a few big, new facilities. None as large as any of the bulk mail system facilities nor with as many employees. The great majority of facilities were smaller. Why were they smaller? Because they were built at the places needed to handle the packages in a given area and of a size sufficient to handle the volume in that area yet at the same time maintain a delivery time service standard which provided for better delivery service than that proposed as the goal of the bulk mail system.

There are more service features and more reasons why the competitor was and is successful in the package moving business. But of all the reasons I have mentioned for this success, which ones

did postal management decide it should offer the public? Only buildings—not pickup, not automatic insurance, not easy proof of delivery, not delivery of

every package to every address—\$1 billion worth of only buildings. Today, the competitor serves every address in the 48 contiguous States, and on the Island of Hawaii. It plans to expand its service in the future to the neighbor islands of Hawaii and to portions of Alaska.

Having grown as it has, you would think that it would long ago have skimmed off all the cream and stopped but now it appears to be into the skim milk. A postal marketing survey introduced in the recent rate case shows that the competitor is now handling more zone-rated packages between families than is the Postal Service. These are the famous "Aunt Minnie" packages about which we have heard so much. But as we have known for a long time "Aunt Minnie" and "Uncle Mo" are not dopes—They sent us here. With gas costing 65 cents per gallon and parking meters gobbling dimes and quarters, getting the competitor to come and pick up the packages at the house for a \$2 service charge is a pretty good deal. Is this cream or skim milk?

The record here contains a letter from the competitor to the Postmaster General asking him to detail the instances of cream skimming which he had knowledge of. His reply is a masterpiece of bureaucratic double talk which boils down to a simple answer. He cannot detail any.

Yet, despite all this, we are supposed to sit here and accept as fact the \$1 billion of the taxpayers' money invested in the bulk mail system was: A necessary investment; a prudent investment; a businesslike investment, and the kind of investment which we should let the present managers of USPS continue to make. I say no.

POSTAL FINANCING: BORROWING IS NO WAY TO STAY SOLVENT

Mr. President, I would now like to turn to the financial condition of the Postal Service. It is in very poor shape and they just have not been able to balance their costs and their revenues.

Failure of the Postal Service to achieve self-sufficiency either now or in the future carries with it the failure of the idea that an independent Postal Service is a better way of providing service than existed previously. The Service has lost money every year since its creation.

The Postal Service commenced operations with assets in excess of \$3.4 billion. As of December 31, 1975, the Postal Service was in a negative equity position of \$381 million. Their estimated loss for fiscal year 1976 is \$1.5 billion and for fiscal year 1977, the loss is expected to be one

billion, 55 million. This means that by the end of fiscal year 1977, the Postal Service will be \$4½ billion in debt, a loss of some \$8 billion since its conception. In the private sector, their excess of liabilities over assets, coupled with revenues that regularly fail to cover expenses, strongly suggest that an entity is bankrupt.

The Postal Service's equity is not quite like that of a corporate entity since about \$1.5 billion of the Service's liabilities are held by the Federal Financing Bank of the U.S. Treasury, another Government entity. In order to absorb its continuing deficits and to maintain the level of assets necessary to support adequate service to the public, the Postal Service has resorted to borrowing. There is currently outstanding \$1.5 billion of debt incurred to meet operating expenses. This debt is in the form of promissory notes which are held by the Federal Financing Bank.

I do not feel that it was ever the intention of Congress to permit the Postal Service to borrow funds from the Treasury as a means of keeping them solvent. During the debate on postal reorganization, it was felt that the Service needed the authority to borrow funds for the purposes of capital improvements. The law authorized the Postal Service to borrow in an amount not to exceed \$10 billion outstanding at any one time. Language of the administration's recommendation permitted the use of borrowed funds for any purpose whatsoever, subject to an annual limitation upon the net increase in debt of \$1.5 billion for capital improvements and a \$5 billion annual limit for operating expenses.

In the Senate report on postal reorganization dated June 3, 1970, the committee approved the administration's recommendation by stating:

... that we caution the Board of Governors that if borrowed money is used to meet current operating expenses, lenders will charge a very high premium. Thus, the use of borrowed revenue for operating expenses should be restricted to the most unusual circumstances. The basic purpose in authorizing the sale of bonds by the Postal Service is to avoid the annual battle between the Post Office Department and the Bureau of the Budget, which notoriously results in limitations upon funds available to be appropriated, and the occasional restrictions imposed by the President upon Federal construction spending.

Thus, it seems evident that the intention of granting borrowing authority was for purposes of construction and for the use of defraying operating expenses only in an emergency situation.

Further evidence of the misuse of borrowing authority was brought out in the committee's hearings on February 20, 1976. Mr. William Anderson from the General Accounting Office testified that in the absence of borrowing, the Postal

Service would actually be insolvent, by the Service's own projections, and by the calculations of the General Accounting Office. He further stated that they intended to borrow some \$700 million to tide them over, in the absence of a subsidy. In fact, the Postal Service did borrow \$700 million in May of this year; \$500 million was considered new debt and \$200 million was used for refinancing previous debt.

According to GAO, the next crunch, even with this \$700 million, would be about April of 1977. Anderson stated that—

Having borrowed this money, and borrowed additional money in 1977, they would be at a point where they project that they would not have the cash to meet their expenses.

The testimony goes on to say:

Their planned borrowing will come to \$5 billion that they will have outstanding in debt at the end of fiscal year 1977. September 30, 1977, that is, including a net payback of \$604 million between now and then, but in any event, they will have \$5 billion of debt that the organization will be saddled with. That is really going to impact on their operation at that point, and you might as well write off self-sufficiency, unless you give them some help.

Under examination, Mr. Anderson explained that the Federal Financing Bank was established and was supposed to go to the market on the issuance of bonds. However, it found that it was much cheaper to get its money from the Treasury. In effect, whatever the Postal Service borrows is coming right out of the U.S. Treasury and is just being funneled through the Federal Financing Bank. So, not only do we find that the Postal Service is bankrupt and that they are now requesting additional funds from the Congress, we also find that we have been giving additional back-door financing through the U.S. Treasury under the borrowing authority that was granted during postal reorganization. This point is clearly brought to our attention with the GAO response to the questioning of the chairman of the Post Office and Civil Service Committee. Mr. Anderson stated:

In effect, the money that the Postal Service is borrowing from the Federal Government are Federal expenses. This is really a Federal organization and those monies are being expended to operate it. It is a question of whether you appropriate it annually or whether you are using your borrowing authority from the Treasury.

At this point I would refer for a moment to my legislative proposal and state that it would place a limitation on the borrowing authority of the Postal Service. My amendment would permit the Service to borrow as a means of cash flow only. It could borrow \$500 million in any given year so long as the funds are repaid within that year. Such a provision would be supported by the GAO auditors

as is evidenced again by the testimony of Mr. Anderson. He stated before the committee:

I would even say that you would not want them borrowing for operating costs. Over the next 18 months they intend to borrow another \$1 billion for operating costs, and to me they are really mortgaging the future. That is a violation of the basic tenets of good business, as you are well aware, borrowing money to pay your operating costs especially if it is long-term money, and they have already rolled over some of their short-term notes.

The financial disaster of the Postal Service is acknowledged by all. The committee report accompanying H.R. 8603 highlights this fact and even stated, "If it were truly a business, the United States Postal Service would be bankrupt." Also, the Postmaster General Bailar's testimony on March 29, 1976, he stated:

We have the capacity of being effectively rendered insolvent within the course of a year if the Treasury were ever to choose not to loan us any more money from the Federal Financing Bank.

Recognizing this financial doom, the Postal Service has taken a position that in order to remain solvent it would have to cut services to the public. This is evidenced by Mr. Bailar's further statement that—

I would have to point out to you that we have now got something on the order of a \$3 billion deficit. We expect to lose money again next year. And our ability to render that service would be nil if we were insolvent.

Mr. President, it is very clear to me, and I hope it is clear to my colleagues that this is not a situation that can go unchecked. We simply cannot continue to authorize and appropriate additional funds and to commence yet another study while the Postal Service is falling around us. After 6 years, we should have learned by now that the public's demand for service can no longer be ignored by the Congress. Only the Congress as the peoples' representatives can determine the needs of the Postal Service. Only a constant oversight by Congress can make the Service sound and responsive. My hope was that by now we would be giving out awards for success rather than billions for failure. But the only way to steady these failures, the only way to prevent them in the future, the only way for a constant input by the public is to bring the Postmaster General back in communication with the Congress and the President and for us to resume budgetary authorizations. We simply cannot continue to do as we have been doing—giving out a billion a year—without oversight.

SUMMATION

In the face of current developments, it is time to take a fresh, imaginative look

at our postal operations in terms of public policy. We must not overlook the fact that whatever organizational form postal delivery takes, the customer must come first.

It has now been 6 years since postal reorganization. The Postal Service has been wasteful and profligate in its spending and borrowing authority. The Service is costing the American public billions of wasted tax dollars as a result of costly business decisions and mistakes, not to mention the added interest expenses due to repeated borrowing for operational expenditures.

One obvious example of a bad business decision involves the bulk mail facility. A vast number of parcels have been found mangled by the new system and hidden in a trash dump. Other examples of mail damage problems caused by mechanization occurred in facilities where mail was placed in garbage cans and disposed of at the city dump. No wonder the Postal Service is losing business to private competitors. The United Parcel Service, a private organization and the Postal Service's major competitor for bulk delivery business, efficiently handled 930 million packages, approximately 29 million more than the U.S. Postal Service did in 1975. A UPS spokesman asserted that the Government "simply cannot move parcels as fast as he can, or for as low rates." The Postal Service and its predecessor have been in the parcel post business since 1921. There has been ample time to improve service, as well as to capitalize on possible economies of scale in handling parcels.

Not only is the public disturbed over deteriorated service but it is also plagued by the rise in the cost of postage. In the past 5 years, the price of a first-class stamp has gone from 8 cents to 13 cents, primarily to bring in more revenue. As a result, major mailers have reduced their use of the mails because rates are too high. The mail users might not mind paying a disproportionate share of the costs of handling their mail if it were delivered a little faster without damage and to the right mail boxes. Missent mail is a contributing factor to mail delays. Although millions of tax dollars have been invested in letter-sorting machines, much of the mail sorted by these machines are being sent to wrong locations. According to the General Accounting Office, delays in mail delivery are greater now than they were under the old system. In spite of this, taxpayers, who traditionally have borne the cost of paying the difference between revenues from postage and what it actually costs to deliver the mail, are finding that their postage costs are high and are getting higher.

The increase in second-, third-, and

fourth-class postage and the probability of future increases have caused many businesses to consider either delivering their own products directly to the home or utilizing local private delivery services. It has also caused department stores and public utilities in many instances to bypass the mails by personally delivering their bills to customers. Some reported successful examples include: National Postal Service in northern California delivers for J. C. Penney over 400,000 circulars monthly plus other substantial business; and Carrier Boys of America Corporation of New Jersey serves 6 million households in that State, as well as New York, Pennsylvania, Delaware, and California. They deliver circulars for department store and supermarket advertising. Magazine publishers have already predicted a turnover to private delivery of from 60 to 65 percent of their volume in the near future. Also, many companies are moving to the electronic transfer system. In view of this, the general public, which is a particularly high volume user, will also be searching for cheaper and more dependable ways to get their communications delivered.

The Postal Service asserts its service today is good. At the same time the Postal Service Consumer Advocate Office continues to receive hundreds of complaints weekly. The most common complaints concern delayed mail, hours of service, trouble with self-service postal equipment, dissatisfaction with postal personnel, damaged mail, and other mail matters. Moreover, hardly a day passes without an article critical of our Postal Service appearing in one of the Nation's newspapers or magazines. Members of Congress are deluged with complaints from their constituents and are being requested to take a serious look at the quality of mail service.

The provisions of the Postal Reorganization Act of 1970 mandate that the Postal Service provide prompt, reliable, and efficient services to customers in all areas and communities. The act further directs that a maximum degree of effective and regular postal services be provided to rural areas, communities, and small towns where post offices are not self-sustaining. The only thing the Postal Service seems to have accomplished beyond argument is the mandate for fair treatment of its employees. There is no doubt that the postal worker has done well in terms of increasing pay and fringe benefits. My only wish is that the Postal Service could have been as successful at increasing services to the people.

My view on the future success of the Postal Service, under the present system, is very dim, indeed. However, it can be improved and it is my hope that

this improvement will be legislated as quickly as possible.

Mr. MATHIAS. Mr. President, will the distinguished Senator from South Carolina yield to me for a minute or two, in order to discuss some of the aspects of our postal situation?

Mr. HOLLINGS. I yield.

Mr. MATHIAS. Mr. President, one of the points that should be made in a discussion of the Postal Service is the dedication of individual postal workers to public service. It is extremely disturbing to the public to find that mail takes as long as it does to get from one point to another; but I think it is even more disturbing to members of the Postal Service who have made this their profession, who are dedicating themselves in a very conscious and deliberate way to public service, to find that their efforts do not turn out to produce the results they hope for.

I had a very interesting example of the kind of dedication that the postal workers invest in their jobs. I was advised recently by the Maryland Rural Letter Carriers Association of an extremely interesting resolution they had adopted. It was the proposal of the Maryland letter carriers that they each donate 1 day's pay, that they give up a day of pay, as a contribution to the Postal Service. This was something more than just the dollars and cents involved. This was an act of personal dedication. They wanted to give something to the Postal Service. They wanted to make clear that the Postal Service is something in which they have a deep personal commitment and investment of their lives. So they adopted a resolution. I shall read the resolution. It says:

Resolved, that each regular rural carrier voluntarily give one day's pay to the Postal Service as a token of our concern for the service's financial plight.

Be it further resolved that others such as rural carriers who are concerned be given an opportunity to voluntarily contribute.

This is a magnificent gesture, for these rural letter carriers to say that they will give up a day of pay, renounce it, waive it, as a contribution to the service. Actually, it is a substantial sum of money. It is a way in which people can make a contribution. But more than that, it is a symbol of what they are willing to do. They are willing to make a personal sacrifice.

Mr. HOLLINGS. Will the Senator yield?

Mr. MATHIAS. I am happy to yield.

Mr. HOLLINGS. Were they allowed to come up, or what was the result of that?

Mr. MATHIAS. I regret to say that the Postal Service did not really have the same creativity and imagination as the

rural carriers. They got a very nice, polite letter, but it was a turn-down. They were told that their offer has not been considered lightly—

But we feel that we can neither expect nor accept work from our loyal employees without fairly compensating them for their efforts. In overcoming our financial problems, we cannot, in good conscience, engage in a solution which has such a direct effect on the families of our people.

Well, that is a kind of cold answer to a very warm suggestion, in my judgment.

Mr. HOLLINGS. Very much so, since there are a lot of warm bodies running up and down the Hill right now. I just wondered what measure they had taken with respect to allowing carriers to do this, or supporting the suggestion, even with relinquishment of a day's pay, as I understand the Senator's rural carriers were willing to do.

Mr. MATHIAS. That is the only answer they got.

It seems to me, if the Senator will yield to me for just a moment further, that the effect of this very generous offer made by the rural carriers would have been to dramatize the interest of the post office personnel in the problems of the Postal Service, and would have been to make them increasingly conscious of the problems of the Service, of the need to economize, of the need for efficiency. I regret that the Postal Service failed to see the important symbolism of the offer that was made by these rural letter carriers, to give up a day's pay, to donate a day's work to the Postal Service, as a kind of token of their commitment to making the Postal Service work, making it a success, making it pay its own way. I think it was shortsighted. It was a completely voluntary offer on the part of the letter carriers. I think maybe this little incident says something about the way the management of the Postal Service approaches the difficult problem of bringing the Postal Service into the modern age.

Mr. President, I submit for the RECORD the letter from Mr. Perry H. Smith, the president of the Maryland Rural Letter Carriers Association, in its entirety at this point, and ask unanimous consent that it be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE MARYLAND RURAL LETTER
CARRIERS' ASSOCIATION,
Rhodesdale, Md., July 7, 1976.

HON. CHARLES MCC. MATHIAS,
U.S. Senator, Senate Office Building,
Washington, D.C.

DEAR SENATOR MATHIAS: I am sorry I have been so long in answering your inquiry about our resolution but I wanted to be sure of our course and procedures and to know that we were moving before I replied. Thankfully I think we are making progress.

First of all the resolution is quite simple. It is, Resolved: "That each regular rural carrier voluntarily give one day's pay to the Postal Service as a token of our concern for the Service's financial plight. Be it further resolved that others such as retired rural carriers who are concerned be given an opportunity to voluntarily contribute." This has been sent to the National Rural Letter Carriers Association for consideration by the Resolutions Committee, which is the usual procedure for all resolutions. The committee clears the resolutions of duplications and acceptability and reports them to the floor of the Convention.

We are going further than this. An article will appear in our State paper in July, which is the Maryland R.F.D., explaining the resolution and asking the support of all our membership. This article will be sent to the president of each State Rural Carrier Association with the information that it will be a resolution at the National Convention and asking their support.

Further, we are also in contact with the District Office of the Postal Service in Columbia in an effort to work out a procedure so each carrier can volunteer to participate. There may be some difficulty here and it is even possible the Service may refuse but we hope not. In our discussions we believe that a release so each of us could forfeit Labor Day's pay might be the easiest way to administer this program.

As to the origin of the resolution I believe Mrs. Dorothy Peck, who has been elected to succeed me, suggested this to some other carriers at the banquet Monday night as an outgrowth of your statements about Joe Holdcraft doing so much for Frederick county by himself. It was talked around informally and we thought it might be a good idea, so we had the resolution committee present it. There was much discussion but no real opposition and then it passed unanimously.

With the amount of progress made to this point we think any use you may make of the fact that the Maryland Rural Letter Carriers want to do this in order to show our concern for the future of the Postal Service can only help. We hope this gesture will show our customers, the management of the Postal Service and all others who can help that we are dedicated to saving what we consider a vital service to America.

If I can be of further service to you please let me know. With kindest personal regards,

Sincerely,

PERRY H. SMITH.

Mr. HOLLINGS. Mr. President, I had hoped that we could get into part of the debate with respect to one of the greater concerns. That is the matter of the obligation of the contract of the employees of the Postal Service. I am very much concerned and the substitute amendment does not impair that obligation.

Since my colleague from Maryland was pointing out how the Postal Service treated the request of the rural letter carriers to give up a day's pay to come on their own in order to be able to answer—that is the whole thing. Everybody wants to be heard, and no one is

listening. We keep standing foursquare in the well, saying how we love the employees and how we admire the employees. Some have had the audacity to say their morale is up. I have talked to every one of them and their morale is down, deeply so, even though they are getting greater pay. Rather than having any appreciation from the public for the dilemma they have been put into because of these work practices of management at the Postal Service, they are being rebuffed at every turn. It used to be that the letter carrier would be invited in for a cup of coffee. Now he gets total scorn.

Let us look at the Department of Agriculture, where the distinguished chairman of our Committee on Post Office and Civil Service has the Agriculture Department before the Subcommittee on Appropriations. It is very interesting that the Department of Agriculture, being one department of the Government, is more or less abandoning another department and not using the Postal Service any longer. I have a letter here from Lincoln, Nebr., wherein the particular produce recipient, Meridith Produce in Boone, Nebr., said that they see now that the U.S. Department of Agriculture, instead of sending the various cartons that they used to send each year by way of the U.S. Postal Service now sends the packages by the United Parcel Service. They asked them to explain.

I ask unanimous consent, Mr. President, that all of these letters, this entire transcript, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MERIDITH'S PRODUCE, INC.,
Boone, Nebr., July 30, 1976.

KENNETH "CHIC" JENNINGS,
President, National League of Postmasters,
Washington, D.C.

DEAR CHIC: Enclosed are some copies of letters for your information.

Copies of my letter, Senator Dworak's letter, and the one from the Nebraska Dept. of Animal Plant Health Inspection Service went to each Senator listed on the News release of June 2nd.

I sincerely trust the United States Postal Service will attempt to retrieve some of their lost business and revenue. This should be their prime concern, rather than reducing services and closing post offices.

A copy of these letters, less the one to the senators, was sent to the Sectional Center Manager in Lincoln.

I am sure the Sectional Center Manager in Lincoln was not aware of the loss of revenue.

Sincerely,

EARL MERIDITH.

MERIDITH'S PRODUCE, INC.,
Boone, Nebr., July 9, 1976.

STATE OF NEBRASKA,
Department of Agriculture, Bureau of Animal
Industry, State Capitol, Lincoln, Nebr.

GENTLEMEN: A few days ago we received from the Agriculture Department of the State of Nebraska, a package of milk sample jars.

For years we have been receiving such packages by United States Postal Service. However, this package was delivered by United Parcel Service.

It is hard for one to understand that a government agency would use a private carrier (United Parcel Service) that is in competition to the United States Postal Service.

An explanation would be appreciated.

Sincerely,

EARL MERIDITH,
Owner.

U.S. DEPARTMENT OF AGRICULTURE,
ANIMAL AND PLANT HEALTH IN-
SPECTION SERVICE,

Lincoln, Nebr., July 22, 1976.

MR. EARL MERIDITH,
Meridith's Produce, Inc.,
Boone, Nebr.

DEAR MR. MERIDITH: Thank you for your recent letter expressing concern that our latest method of shipping milk sample collection bottles was by other than the U.S. Postal Service.

Under ordinary circumstances we would probably continue to use the services of the government agency for shipping packages. However, problems with the Postal Service combined with a projected increase of \$2 million to \$2.5 million if APHIS continued to use this method of shipping this year was sufficient reason to seek other alternatives. Our Management Improvement Division developed a Cost Analysis of the U.S. Postal Service versus United Parcel Service that indicated Veterinary Services could realize a savings of over \$14,000 a week by using United Parcel Service nationwide for the shipping of packages.

The projected savings is being tested for a three month period to be followed by a re-evaluation of the original Cost Analysis. If the original estimates are supported through an actual savings, there is every reason to believe use of UPS will be expanded even further. As a fellow taxpayer, I am certain that you have appreciation for any and all attempts to reduce government operating costs.

We appreciate and share your concern and thank you for writing.

Sincerely,

INA MAY ROUSE,
Program Analyst.

LINCOLN, NEBR.,
July 28, 1976.

MR. EARL MERIDITH,
Boone, Nebr.

DEAR EARL: Thank you for sending me a copy of your July 9 letter to the Nebraska Department of Agriculture. I've also received their reply. It certainly is good when citizens constantly question actions of governmental agencies. I did feel the reply was specific and that there probably is some justification in the shifting of the service from the United States Postal Service to the United Parcel Service on a trial basis.

Please keep me informed if you are to pursue this further.

Best regards,

Senator DONALD N. DWORAK.

JULY 30, 1976.

HON. ROBERT J. DOLE,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR: I sincerely trust that you or one of your top aides would take the time to digest the information in the enclosed letters.

My personal thinking is that Senator McGee's bill alone without amendments to it, cutting postal services and closing post offices will not solve the problems of the United States Postal Service until top management takes a long look toward their competitor.

If the statement made by the Nebraska Animal and Plant Health Inspection Service is correct, and I presume it is, and if we agree their saving is 10% then the total amount that the United States Postal Service is losing from this one department would be \$1,400,000 annually.

This, bear in mind, is only one department, and could be multiplied many times over, considering the various agencies each state has.

I trust you and your committee will consider some type of action.

Sincerely,

EARL MERIDITH.

Mr. HOLLINGS. The U.S. Department of Agriculture says:

DEAR MR. MERIDITH: Thank you for your recent letter expressing concern that our latest method of shipping milk sample collection bottles was by other than the U.S. Postal Service.

Under ordinary circumstances we would probably continue to use the services of the government agency for shipping packages. However, problems with the Postal Service combined with a projected increase of \$2 million to \$2.5 million if APHIS continued to use this method of shipping this year was sufficient reason to seek other alternatives. Our management improvement Division developed a Cost Analysis of the U.S. Postal Service versus United Parcel Service that indicated Veterinary Services could realize a savings of over \$14,000 a week by using United Parcel Service nationwide for the shipping of packages.

The rest of the letter is self-explanatory.

Mr. President, this is the Department of Agriculture of the Senator from Wyoming and the way they cast their vote on the Postal Service. Our distinguished friend has two hats. He chairs our Committee on Post Office and Civil Service and the Agricultural Appropriations Subcommittee. The Department of Agriculture says that for milk sample collection bottles, we are going to quit using the U.S. Postal Service and use the United Parcel Service because of the great savings in money. This is a Government agency. We are going to have a bill in here, not only substitute for the billions of dollars, the \$8 billion in the hole for the last 5- to 6-years operation, but now we are going to have to pass a law requiring all the other Government agencies to keep this thing

afloat and continue to use it. This practice is going to become more and more widespread.

Mr. President, I suggest that absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a time limitation on the amendment by Mr. HOLLINGS, the amendment in the nature of a substitute, of 4 hours to begin running tomorrow morning at 10 o'clock, with time to be equally divided between Mr. McGEE and Mr. HOLLINGS; provided further, that no amendments to the substitute be in order; and, provided further, that the vote occur at no later than 2 p.m. tomorrow, and that the vote occur on the amendment up or down with no tabling motion being in order.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Reserving the right to object, where does my protection come in?

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Yes. Provided further—and I apologize to and thank the Senator from North Carolina (Mr. HELMS)—provided further, that regardless of the outcome of the vote on the substitute by Mr. HOLLINGS, Mr. HELMS be recognized following that vote to call up two amendments, and that there be a time limitation on each of the two amendments of 30 minutes to be equally divided between Mr. HELMS and Mr. McGEE.

The PRESIDING OFFICER. Thirty minutes on each amendment?

Mr. ROBERT C. BYRD. Thirty minutes on each amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, if the Senator will indulge me for just 1 additional minute, Mr. President, I have asked the Senator from South Carolina about this request, but I had forgotten that Senator DOLE, who has to fulfill an engagement tomorrow afternoon, wants to offer two amendments immediately upon the conclusion of the vote on the substitute by Mr. HOLLINGS, and Mr. DOLE would be willing to have a 20-minute limitation on each of his two amendments, the time to be equally divided.

So if the Senator from South Carolina would not object, Mr. President, I ask unanimous consent that regardless of the outcome on the votes of the substitute by Mr. HOLLINGS, Mr. DOLE first be recognized to call up two amendments on each of which there be a time limitation of 20 minutes to be equally divided between Mr. DOLE and Mr. MCGEE; and that upon the disposition of the Dole amendments the Senate then proceed to take up the two amendments by Mr. HELMS, as was previously ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I will have, perhaps, with the failure of my substitute, a couple of perfecting amendments also. I did not want to mislead the managers of the bill.

Mr. ROBERT C. BYRD. Yes. I thank the Senator for yielding.

The text of the agreement is as follows:

Ordered, That on Tuesday, August 24, 1976 at 10:00 a.m., when the Senate resumes consideration of H.R. 8603 (Order No. 915), an act to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes, the Senate shall proceed to the consideration of the amendment by the Senator from South Carolina (Mr. HOLLINGS), No. 2201, with the time for debate thereon to be limited to 4 hours, to be equally divided and controlled by the Senator from Wyoming (Mr. MCGEE) and the Senator from South Carolina (Mr. HOLLINGS), and with the vote thereon to occur no later than 2:00 p.m.: *Provided*, That no amendment to the amendment by the Senator from South Carolina (Mr. HOLLINGS) be in order: *Provided further*, That no motion to table the Hollings amendment shall be in order.

Ordered further, That following the disposition of the Hollings amendment regardless of the outcome, the Senator from Kansas (Mr. DOLE) shall be recognized to call up two amendments which shall be considered in order, on which there shall be 20 minutes each, to be equally divided and controlled by the Senator from Wyoming (Mr. MCGEE) and the Senator from Kansas (Mr. DOLE).

Ordered further, That following the disposition of the Dole amendments, the Senator from North Carolina (Mr. HELMS) shall be recognized to call up two amendments which shall be considered in order, on which there shall be 30 minutes each, to be equally divided and controlled by the Senator from Wyoming (Mr. MCGEE) and the Senator from North Carolina (Mr. HELMS).

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Senator

from Illinois (Mr. STEVENSON), the Senators from South Dakota (Mr. ABUREZK and Mr. MCGOVERN), the Senator from Nevada (Mr. CANNON), the Senator from Oregon (Mr. HATFIELD), the Senator from Maine (Mr. HATHAWAY), and the Senator from Connecticut (Mr.

WEICKER) be included as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Various Senators have stated that they would like to vote for our amendment to H.R. 8603 but they are fearful that submitting the postal budget to annual congressional authorization would destroy collective bargaining. Let us look at the intent, at the law, and at the fact.

The intent.—Under section 5 of our substitute, amendment 2143, it clearly states:

Nothing contained herein shall be construed to impair the obligation of employment contracts that the Postal Service has entered into with its employees, and nothing contained herein shall be construed to impair the authority of the Postal Service to collectively bargain employment contracts with its employees as provided in the Postal Reorganization Act.

The law.—Constitutionally, the Congress—even if it wanted to—could not come in now and impair the obligation of the contract between the Postal Service and its employees.

The fact.—In fact, there is one way to impair the obligation of the contract and that is to not give them any money. There is no obligation for the Congress to appropriate moneys but realizing a responsibility that the people expect of us, our substitute amendment appropriates \$1 billion which is contemplated by the budget resolution. Ironically, the very instrument that will prevent the obligation from being impaired is being charged with impairment.

It goes without saying that congressional review of the budget in the future will bring congressional review of all facets of postal service including the employment contract. It is not the intent of the authors to disturb this collective bargaining process and it is our intent to rely on the provision of the Postal Reorganization Act that required comparability for Postal Service employees. However, there are no guarantees on what the present Congress or a future Congress do. Both present and future Congresses could refuse funds and the Postal Service would have to increase its borrowing, adjust its service or ask for an increase in rates. That is the fact today. That is the law today. And the present amendment does not change this one iota. Admittedly, a contract in the future could call for a 7-percent pay increase while Congress was only awarding a 5-percent increase to other Federal employees. But this is what we are presently faced with. Presumably, all Federal employees will be receiving a 5-percent pay increase October 1 but the present postal contract calls for an 8.23-percent increase. Our \$1 million substitute amendment is to allow amongst other things the

payment of this 8.23-percent increase. What a Congress will do in the future can best be told by what a Congress has done.

The cry that annual authorization would give Congress a veto power over negotiated contracts is begging the question. We have that power now and can exercise it simply by not appropriating the funds requested by the Postal Service.

Finally, Senators crying in fear that a postal contract in the future be impaired should be more careful that our contract not be impaired. We have a contract with the people to stop, look and listen. As we stop and look and listen our policy of benign neglect seems outrageous. Most assuredly, we cannot continue giving billions without oversight and to ask us to forego oversight any longer is nothing less than a request that we impair the obligation of our contract with the people.

The morale of the postal workers is down. Their jobs are threatened by poor management and a decline in mail volume. The best job security for them is our amendment to reestablish trust in the Postal Service.

I now yield the floor.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. McGEE. Mr. President, the Hollings substitute makes radical revisions in the organization of the Postal Service and its relationship with the Congress. Perhaps the most radical is the provision that all revenues and fees collected by the Postal Service would be deposited in the Treasury and that total Postal Service operating expenses—amounting to some \$15.4 billion—would have to be appropriated by the Congress. This arrangement totally deprives the Postal Service of its fiscal autonomy and makes it the creature of a Congress which history shows can be capricious as regards the Postal Service. This provision alone blunts the thrust of the Postal Reorganization Act and brings back the days when the Postal Service was mismanaged by a committee of 535 Members of Congress.

Such a radical revision of the careful work which went into the Reorganization Act will, if enacted, be vetoed. H.R. 8603 is a compromise measure worked out among the majority and minority leadership of the committee, representatives of the administration and members of the leadership of the House committee. The President has repeatedly made it clear that he intends to veto any legislation making substantive changes in the Reorganization Act prior to receipt of the report of the study commission established by H.R. 8603. Our batting average on overriding vetoes is not good. Accordingly, Senate passage of the Hollings substitute would in reality be

a vote for no legislation at all, and killing H.R. 8603 would constitute an avoidance of our responsibility to act in the public interest. The death of H.R. 8603 would be disastrous for the Postal Service, in view of its financial crisis.

The Hollings substitute if enacted could result in a payless payday for the Postal Service next summer. The measure authorizes \$1 billion for Postal Service use in 1977, but it effectively chokes off the authority of the Postal Service to borrow for operating expenses and it imposes a moratorium on rate increases lasting for about a year—thus depriving the Postal Service of substantial sums it needs to meet its payroll and other expenses. The operating deficit for the transitional quarter and fiscal year 1977 is approximately \$1.5 billion. These figures tell the story. The Hollings substitute, giving too little, taking away too much, could wreck the Postal Service financially and do it soon.

Annual appropriation of postal funds would create a nightmare of uncertainty in postal budgeting and ratemaking. The level of postal income would become an unknown because Congress' intentions would be unpredictable. This uncertainty would result in distorted postal ratemaking, because without a firm starting place, postal rate proceedings could set rates too high or too low.

In such an atmosphere of uncertainty, orderly postal budgeting would be impossible. The Postal Service would be unable to enter into good-faith collective bargaining if no one knew how much the Congress would be willing to appropriate. Congress might either provide or disallow funds for pay and benefits negotiated at the bargaining table. It is no wonder that the Federal employee groups fear and oppose the Hollings substitute.

Every cent of postal revenues is needed for the operation of the Postal Service. The Hollings proposal would jeopardize funds for services which everyone agrees are needed. It would do this by requiring the Postal Service to compete annually with every other Federal agency for funds within the total budget. We know from experience with the old Post Office Department that chronic underfunding is the inevitable result of this competition.

The overriding question raised by the Hollings amendment is whether, as a matter of public policy, the Congress should drive up Federal spending by requiring an annual appropriation of the whole postal operating budget—\$15.4 billion in fiscal year 1977. Such an arrangement could increase the total obligation of the Federal Government by as much as \$4.5 billion if the accumulated operating deficit of the Postal Service became an obligation of the Government.

One of the primary purposes of the

Postal Reorganization Act was to remove partisan politics from the Post Office Department. As part of this corrective action, the Congress removed the President's authority to appoint top Postal Service executives. The Congress provided that the Postmaster General and his top associates would be appointed by, and would be responsible to, a bipartisan Board of Governors, who were charged with representing the interests of the American people generally.

The Hollings substitute provides for Presidential appointment and Senate confirmation of the Postmaster General and Deputy Postmaster General and abolition of the Board of Governors. This arrangement would tear down barriers carefully erected to prevent partisan manipulation of the Postal Service. The temptations faced by a Postmaster General appointed by and serving at the will of a President would be formidable. He would be tempted to give priority to the political obligations of that President in his selection of new facility sites, in his appointments to key positions within the Postal Service, possibly even in his stance on issues arising out of collective bargaining.

Protecting the public interest and achieving economy and efficiency in postal operations could become subordinated to a Presidentially appointed Postmaster General's primary goal of furthering administration policy. Again, here is an effort to strip away Postal Service autonomy—and as autonomy is removed the chances of achieving real efficiency are diminished.

The abolition of the Board of Governors removes any assurance that the public interest shall be the primary consideration in the appointment of the Postmaster General and his deputy. Further, without the Board to review its recommended decisions, the Postal Rate Commission would become the final arbiter in the setting of rates. This would leave the Postal Service with no recourse from Postal Rate Commission decisions—even decisions that produced insufficient revenues or provided uneconomic distortions in the classification system. We have come to expect good recommended decisions from the Commission. Nevertheless, the Postal Service needs and ought to have the right to reject such decisions. It would have no such right if the Board of Governors were abolished, as the Hollings substitute proposes to do.

The Hollings provision on borrowing would sharply curtail the authority of the Postal Service to manage its fiscal affairs. It would allow the Postal Service to borrow up to \$500 million for operating expenses in any one fiscal year, but would require that the borrowing be paid back within the same fiscal year. Under

current law, the Postal Service may borrow for operating expenses overtime periods most favorable to the Postal Service. Sometimes loans are made for one year; sometimes for longer periods, depending upon the Postal Service's own assessment of its cash flow and ability to repay at the end of varying periods of time. The Hollings borrowing provision is restrictive and arbitrary, placing unreasonable limits on the Postal Service's financial planning.

Mr. President, the overriding reason for defeating the Hollings substitute is that, if it is enacted, it will be vetoed. Thus, nothing will have been done to solve today's real and pressing postal problems. Beyond that, the Hollings amendments would, in my view, place the Postal Service in a position less favorable to the accomplishment of its goals than the one it occupied before the Postal Reorganization Act. The system proposed by the Hollings substitute simply will not work; it would require early corrective legislation. H.R. 8603, on the other hand, leads us through the current financial thicket and points the way to informed fine-tuning legislation under the next President.

ADDITIONAL STATEMENTS SUBMITTED

Mr. PERCY. Mr. President, I rise in support of the committee bill, H.R. 8603, with mixed feelings. Immediate passage of this bill is necessary to the stabil-

ity of the Postal Service, but I regret that such a measure is necessary at all.

I voted for the Postal Reorganization Act of 1970 in the hope that it would correct the problems of the postal system and improve its efficiency. Based on my own experience of 25 years in private industry, I was encouraged by the act's establishment of a management structure patterned on the corporate form, with a Board of Governors determining policy and the Postmaster General as chief management official, together responsible for operating the Postal Service in a business-like fashion. The USPS was to pay its own way, with the exception of a small subsidy to be appropriated annually by the Congress to pay for the so-called "public service" function of the Service.

Mr. President, by no stretch of the imagination is the additional \$1 billion we are considering here today a "small" subsidy. By no stretch of the imagination is the Postal Service close to paying its own way, nor is the American public close to being satisfied with the quality of its performance—my own mail from Illinois indicates that public patience is wearing thin. Six years after the establishment of the Postal Service, we are still waiting for our expectations to be realized. By creating an independent

postal operation, we have by no means forfeited our right to demand efficient mail service.

There are countless, legitimate complaints about lost or delayed mail and damaged packages. Expensive machinery fails to work while clearly marked letters are sent to the wrong city. The immense volume of mail—89 billion pieces in 1975 alone—makes a large number of mistakes inevitable in many cases.

We cannot, however, lay all the blame at the feet of bad management and leave it at that. As popular as it is in an election year to knock the Postal Service, it is nonetheless unfair to say that the system established in 1970 is no good. Certainly, two of the most significant setbacks to Postal Service financial stability were beyond the ability of even the most enlightened management to rise above:

One, the inflation of the mid-1970's and its two aggravating component factors—the increased price of energy, which has direct impact on the cost of a transportation system intrinsic to mail delivery; and the cost of labor, representing 86 percent of total postal expenses, increased by an automatic cost-of-living escalator tied to the Consumer Price Index, and

Two. The concomitant recession which caused, for the first time since World War II, a decline in mail volume as businesses turned to less costly communications alternatives. For the USPS, volume declined but costs continued to rise.

The legislation before us, as reported by the Post Office Committee, is designed to meet the urgent financial needs created in part by the circumstances I have already mentioned. More importantly, it provides a vehicle in the form of a study commission for immediately determining the future directions the Service must take to achieve financial stability and improvements in service. It also protects the consumer, at least temporarily, from arbitrary cutbacks in service, including the closing of small, rural post offices, until an overall plan for the economic functioning of the Postal Service can be developed.

Several amendments will be offered during the debate which deal with changes in current procedure in the Postal Service or which implement long-range modifications in the structure of the American postal system. Because I believe that H.R. 8603 should be passed as quickly as possible in order for the study commission to begin its work, I will vote against these amendments without prejudice to their merit, with the expectation that they will be more fully considered as part of a comprehensive package based on the recommendations of the commission next year.

I do plan, however, to support a simple amendment relating to the membership of the study commission, one that would assure that a consumer representative is appointed. It is imperative that the ordinary mail user be represented in order for the study to be complete.

Mr. President, I regret that this bill is necessary, and that the Treasury and the taxpayer shall have to be burdened with an additional \$1 billion subsidy when the consumer has already borne the cost of inflation to the mail service by paying increased first class postage rates and been frustrated by the prospect of less service, not more, in return for the increased payments. But, in spite of the problems of the USPS, the mail must go through. Even though the day-to-day business of moving the mails has been delegated to a quasi-independent corporation, the ultimate responsibility lies with the Federal Government.

The Post Office Committee has come up with a measure as reasonable and workable as possible under the circumstances and I commend the distinguished chairman and members of the committee for their diligent efforts. I understand that it has been carefully worked out among all those who have a commitment to the stability of the Postal Service and I give it my own support in the hope that no such future assistance will be necessary.

I will vote for this measure with the expectation that the study commission will come up with solid answers and recommendations and that the congressional committees involved will give them the highest priority. The Congress and the American people deserve to know as quickly as possible:

Whether or not the basic concept of an independent Postal Service, as we envisioned it in 1970, is still valid;

Whether or not there are alternatives or supplements to the present system capable of providing an expanded variety of services to the consumer without undue cost increases or cutbacks in other areas; and

Whether or not we have become accustomed to postal service we can no longer afford in today's world.

Armed with that knowledge, we can make the right decisions for the future and determine whether we can continue to maintain our mail service as it was portrayed by the great 19th century orator, Edward Everett:

When I contemplate the extent to which the moral sentiments, the intelligence, the affections of so many millions of people—sealed up by a sacred charm within the cover of a letter—daily circulate through a country, I am compelled to regard the Post-office . . . as the right arm of our modern civilization.

Mr. STEVENS. Mr. President, the 91st

Congress passed the most significant piece of postal legislation in over 100 years with the Postal Reorganization Act of 1970. It was essential that something be done to stem what Postmaster General Lawrence O'Brien termed the "race with catastrophe" faced by the old U.S. Post Office Department.

To meet that problem, the Congress, on the recommendation of a special postal commission, and after exhaustive hearings, established the independent U.S. Postal Service. The basic objective of the U.S. Postal Service was to provide quality mail service at reasonable and equitable rates to attain financial self-sufficiency by 1984, and at the same time provide fair compensation and fair treatment of postal employees. We all had high hopes that with the application of modern business methods and the elimination of partisan politics in the Postal Service, these goals could be attained. The very fact that we are now debating H.R. 8603, the first major piece of postal legislation since 1970, is evident that these hopes have not been realized. The fact that the U.S. Postal Service is in grave financial straits is not debatable.

There are some who maintain that the financial plight of the U.S. Postal Service is the result of an inherent structural weakness of the U.S. Postal Service, and therefore we should take this opportunity to significantly alter its structure. I do not agree. I want to remind my colleagues that when the U.S. Postal Service was conceived it replaced an organization which included a management system that rendered impotent those in positions of responsibility, it inherited an antiquated physical plan incapable of handling the ever-increasing volume of mail, it experienced a lack of mechanization necessitating vast armies of people to move the mail, and its work force suffered from poor pay, poor working conditions, poor career opportunity, and poor morale.

Turning around an organization which operates 40,000 offices, stations and branches, delivers and processes almost 90 billion pieces of mail yearly to well over 70,000 delivery points, employs 700,000 individuals, uses almost a quarter of a million vehicles on a budget of over \$15 billion is not an easy task. Postal management has had over 5 years to accomplish this feat, but the prior organization had 195 years of existence. Despite the magnitude of the past problems and the size of the organization requiring the turnaround, we were optimistic and expected, indeed provided in the law, that the U.S. Postal Service would break even financially and thus would no longer be a burden to the taxpayers of this Nation. That forecast does not now look bright, for an unfunny

thing happened on the way to financial independence—double digit inflation.

This inflation, caused in great part by the increase in oil prices, ate up postal revenues at an unprecedented rate.

The cost of living increases for postal workers alone have cost the USPS almost \$1 billion in the past 2 years. For each 1 cent increase in the price of a gallon of gasoline, \$3.5 million in direct costs per year is added to the budget of the U.S. Postal Service.

This double digit inflation necessitated increasing postal rates. These rate increases, coupled with a down-turn in business activities, have resulted in a decreasing mail volume for the first time since the 1930's. The increase in cost and the decrease in volume has again necessitated the need for further rate increases. This is a vicious cycle one which the U.S. Postal Service cannot live with nor can the American public accept. And I am confident that the American public will not allow it to continue. The bill we are discussing today, H.R. 8603, will help break that cycle.

It is the financial picture of the U.S. Postal Service that is the prime concern of the members of the Senate Post Office and Civil Service Committee, and it is the main thrust of this bill. In 1972, the Postal Service deficit was \$175 million. In 1975, it was \$989 million for a cumulative deficit of \$1.6 billion. The future financial picture looks even bleaker. A deficit of \$1.5 billion was estimated for fiscal year 1976 and a \$1,055,000 shortfall is expected for fiscal year 1977. In 1971, the U.S. Postal Service had assets of \$3.4 billion. It will have a negative equity of \$2.8 billion by the end of fiscal year 1977. This is an accumulative operating deficit of \$4.5 billion. If the U.S. Postal Service was in fact a private business, it would be bankrupt.

Somehow the U.S. Postal Service must meet this financial crunch. It must put its financial picture in order. It can do it alone in a number of ways, none of which would be pleasant. Some, however, are more unpleasant than others. For example, the Postal Service could increase postal rates to meet its financial needs. The postal rates have already increased 30 percent since August of 1974. When one considers that Sweden and Switzerland have each raised their postal rates 33 percent and the Netherlands 37 percent, France 60 percent, England 89 percent, Japan 150 percent, and Australia 157 percent in the same time period, the 30 percent increase does not seem all that out of line.

But I am not convinced that every American is going to look at an increase in those terms. The Postal Reorganization Act of 1970 stresses that postal rates should be reasonable. Increased postal

rates alone will not answer the financial plight of the Postal Service, and I do not believe that the public will accept the prospect of a 34 cents postage stamp for a first class letter, which according to the

General Accounting Office would be necessary by 1984 to solve the current financial crunch and allow the Postal Service to be financially self-sufficient.

A second possible solution to the financial problems of the Postal Service is to cut operating costs, and therefore cut services. There have been suggestions that Saturday mail delivery be eliminated, that in fact mail could be delivered 3 days per week in the larger populated areas and 2 days per week in the rural areas. It has been suggested that 12,000 post offices, stations, and branch offices be closed or consolidated. It has also been suggested that the door-to-door delivery service now enjoyed by many Americans be eliminated and be replaced by curb-side or corner cluster boxes.

Even with these drastic service cutbacks, it is questionable whether or not the Postal Service would save enough to wipe out this year's deficit. There is no doubt, however, that these cost-cutting measures would be unacceptable to the American public, and they are certainly unacceptable to me. There is no question that such cutbacks would be contrary to the intent of the Postal Reorganization Act of 1970.

A third choice available without H.R. 8603 would be a combination of one and two, raising rates and effecting cost-cutting measures. Yet I am not even sure moderate rate increases coupled with moderate service cuts would be acceptable to the American public. The prospect of raising postal rates to any significant degree is a chilling one. Recent experience has shown that further rate increases could affect mail volume, and postal rate increases have already affected mail volume. Even though there is no consensus regarding the elasticity or inelasticity of demand for postal services, mail volume did fall in fiscal year 1975 for the first time in modern history. In his 1975 report, the Postmaster General stated that: "This development demands attention—we are aware that postage rates may be reaching a point where price is causing mail users to increase their use of competitive means of distribution or electronic communications."

The whole question of electronic communications and technological advancement is of particular concern to me and is critical to Members of Congress who represent rural constituents. If rural America is dependent upon the Postal Service and the metropolitan areas become dependent upon computer and tele-

communications services, rural America unless protected by a viable and financially sound Postal Service could lose out on its ability to communicate. The urban areas will be in a position where they will more and more refuse to accept the postage stamp/postage rate concept resulting in a total deterioration of existing communications systems via the postal systems for rural areas.

I intend to pursue this matter with the Office of Technology Assessment and the U.S. Postal Service to find out just what impact modern technological communications may have on the future of the Postal Service and the ability of rural America to communicate on an equal basis with those in the urban centers.

H.R. 8603 is a partial but essential answer to our current dilemma. This legislation addresses itself directly to the three major problems faced by the Postal Service: forestalling reduction of service, slowing down higher postal rates, and allowing the USPS to continue operating and, in addition, providing essential information whereby we can come to grips with a permanent solution.

The bill authorizes two consecutive appropriations in the amount of \$500 million each to be applied against the cumulative operating indebtedness of the Postal Service. The first appropriation would be applied to the debt as it exists at the close of this fiscal year, and the second to be applied against the debt of fiscal year 1977. This bill prohibits service cuts during a period beginning with the appropriation of funds and ending on February 15 of next year. It will allow no postal rate increases during this same period although it would allow the Postal Service to propose postal rate increases to the Postal Rate Commission.

In addition, the bill does look to the future with the hope of obtaining the essential information we need so that Congress can assist the USPS find a permanent solution to its problems.

The bill establishes a 12-member Commission on Postal Service to identify and study the problems facing the Postal Service and recommend action which it feels is necessary to resolve them. This report will be due on or before February 15, 1977.

The importance of this "blue-ribbon commission" cannot be overstated. Among the areas which it will look into is the whole question of public service, its cost, and who should pay for it. We are aware that the U.S. Postal Service and its local post offices perform many functions which in reality have nothing to do with delivering the mail. No other Federal agency touches the lives of every American every day like the U.S. Postal Service does. For millions of Americans,

the U.S. Postal Service is the only Federal agency with which they come in contact. The USPS to them is a governmental symbol and an important part of the Federal Government. In rural America there are hundreds and thousands, indeed GAO maintains there are 13,000, of post offices which in fact do not need to exist in order for the U.S. Postal Service to carry out its function of delivering the mail. On the other hand, they are needed for economic, social, and cultural benefits of rural America. An 11-year-old, not from my State, wrote me regarding his post office in rural mid-America. "I am in the seventh grade and I am writing this letter for my grandpa." Grandpa is 95 years old and every day he walks to the post office. The postmaster there helps him with his bills, makes out his money orders, and fixes his money so he would not get it mixed up. Our post office is very important. Please do not let them take it out. No one here wants to go on a rural route. Everyone wants the post office left alone."

Post offices provide a public service which I do not feel should be eliminated. These examples point up the need to maintain post offices even when mail can be delivered through another method. It is just these kinds of questions which we expect the Commission to address and report to us just what kinds of service costs should be borne by the postal users. I expect the blue-ribbon commission to tell us next year, and from there we can establish a more reasonable contribution to the U.S. Postal Service from the General Treasury.

The bill before the Senate today is the result of exhaustive hearings, numerous executive sessions, and considerable input by Members of Congress, labor organizations, postal users, businesses, the Postal Service itself, and even five prior Postmaster Generals. Indeed, the final bill itself was committee print No. 8. In addition, I am aware of considerable personal negotiations by Senators GALE McGEE and HIRAM FONG with the Postmaster General, the Director of the Office of Management and Budget, the President, and the leadership in the House Post Office and Civil Service Committee. These negotiations as well as all the other input have resulted in S. 2844 retitled H.R. 8603.

I am in full support of Senator McGEE's and Senator FONG's position and the position of the Senate Post Office and Civil Service Committee on this legislation. It is essential, it is imperative, that this bill be passed as it is written. We must assist the Postal Service to meet the financial crunch that it now faces. If we do not, I see no alternative left for the Postal Service but to make drastic

cuts in service, as well as increased postal rates which would cause undue hardship and inconvenience to the entire country.

I know that many of my colleagues have amendments which they wish to introduce and have accepted as part of this bill. Indeed the original bill considered by the Senate Post Office and Civil Service Committee contained amendments I supported. However, we cleaned the bill in an effort to insure the passage and signing into law of a financial relief measure. I have some amendments I would like to introduce, but will not because it makes little sense to amend the current legislation if such amendments alter it significantly enough to prevent its enactment into law. I am convinced that a more appropriate process by which my good friends on both sides of the aisle may have enacted their particular concerns is for them to be considered on their own merits in separate bills and not cause the downfall of this essential piece of legislation. I hope my colleagues will refrain from introducing or supporting amendments to this legislation.

The Commission established in this bill must report on February 15 of next year. We will again have the opportunity to debate the postal question only from a more enlightened view for we will have the benefit of the Commission's findings and opinions. I strongly urge an affirmative

vote on H.R. 8603 as it has been reported by the Senate Post Office and Civil Service Committee.

Mr. BEALL. Mr. President, today the Senate, at long last, is scheduled to consider legislation aimed at reforming our National Postal System. This legislation comes none too soon, because no portion of government generates greater frustration and anger by the average citizen than the Post Office.

Put simply, the American people are losing faith in the National Postal System. They are tired of getting less and less service, yet paying more and more for that declining service.

Further, they know that unless drastic action is taken soon, service will only get worse and costs will only go higher.

The Postal Service today is caught in a vicious circle of higher rates and declining volumes. Since May, 1971, when the 8-cent rate became effective, first-class postage has increased 63 percent, while over the same period the consumer price index has increased at only about half that rate, or 35 percent. This rapid rise in postal rates led last year to a net decline in mail usage of 800 million pieces, and this decline in mail usage of 800 million pieces, and this decline promises to continue in 1976.

This decline in usage means only one

thing—higher rates. And those higher rates will themselves lead to even further declines in mail usage.

Faced with these skyrocketing losses, which have reached a level of \$250,000 an hour, the present postal leadership responded with steps which would only cause unnecessary hardship for some postal users, but would do nothing whatsoever to solve the real problems of the postal system.

The keystone of their great strategy to rescue this inefficient giant, which is now \$3 billion in the red, was to attempt to close 600 small, rural post offices. That move, if fully implemented, would save a grand total of \$6 million, or enough to keep the Postal Service in operation for all of 9 more minutes a year.

This action would not only have deprived many people of efficient postal service, but would have literally wiped many communities off the map entirely.

Last May, I introduced legislation in the Senate which prohibits the Postal Service from making any service cuts, such as the closing of rural post offices, until a special commission has made a full study of the entire Postal Service operations.

I am pleased that the bill which the Senate will consider today contains essentially that very same prohibition as was included in the Beall proposal. Under the bill we have before us today, the Postal Service is forbidden to close any post office where 35 or more families regularly receive mail and which was providing service on July 1, 1976. Additionally, the bill provides that before the Postal Service can close any office serving fewer than 35 families, it must obtain the written concurrence of at least 60 percent of all patrons.

Today's legislation is not the final answer to the problems of the Postal Service. But it does represent a first step in our efforts to reform and improve the Nation's mail system. And, in my opinion, it is about time we took that step.

Mr. McGEE. Mr. President, "Congress and the public want fast regular mail deliveries to crowded cities, small towns, and isolated farms. They also want cheap stamps, efficient operations, and no deficits," according to Robert A. Rosenblatt of the Los Angeles Times.

Mr. Rosenblatt, whose excellent article on the background of the bill H.R. 8603 appeared in the July 14, 1976 edition of the Times, was right. He also was correct when he observed that "the goals conflict."

Indeed they do.

Across the country, and 3 months earlier, the Washington Post observed in a March 17 editorial that the postal

services Americans rely on most heavily "are often those that make least sense in cost accounting terms: service to individuals, to small communities, to small businesses, and little publications."

The Post went on to say that some hard decisions about services and subsidies need to be made, while the L.A. Times, in an April 16 editorial favored granting—temporarily—a greater subsidy to the Postal Service until the investment and the changes involved in postal reorganization can be made to pay off.

In Philadelphia, on June 13, the Inquirer welcomed the news that the President and involved Members of Congress had agreed on the creation of a so-called blue ribbon Commission on the Postal Service. The Inquirer's editorialist wrote:

Anytime the government creates another Commission to study a problem, there is a temptation to write its work off in advance as just an expedient way to get the irritant out of sight for a while. We now resist that temptation, however, to welcome the news that President Ford and key Members of Congress have agreed on the creation of a blue-ribbon Commission on the Postal Service.

The fact is that such a commission is badly needed—not to bury the problem of the mails but to face up to it and help guide the country toward some hard choices.

And hard choices are coming. But, without them, we face a prospect which Don Oakley, writing for the Newspaper Enterprise Association, referred to in a June column. He said:

The U.S. postal system is a lot like the trolley cars our cities used to have. We never appreciated their value until they were gone, and then we wished we had done something to preserve them when we could.

Mr. President, I quote these various editorials, news stories, and columns to show that there is a concern in the country for the preservation of postal services that are adequate to the needs and expectations of the people, and also to show that there are indeed some differences between what we demand and what we are willing to pay for.

Said another editorial, this one from the Eagle and Beacon of Wichita, Kans., April 3, 1976:

A subsidized mail service is nothing new to us. Nor is it particularly shocking to think that the amount of subsidy needed in the future will be larger than it has been to date.

In truth, as Robert Rosenblatt pointed out in his piece in the Los Angeles Times, the Postal Service currently is getting roughly 12 percent of its total budget from appropriations, compared with 24 percent in the last year before reorganization took effect.

H.R. 8603 as amended by the Committee on Post Office and Civil Service

and reported to the Senate does not decide the fate of the Postal Service for all time. A number of other bills, including my own, were discarded by the committee as it worked toward a measure acceptable to the legislative and the executive. It addresses the immediate short-term needs of the Postal Service. It addresses the immediate concerns of the people over rates and service cutbacks. And it insures Congress, not only a future opportunity to address the hard choices that admittedly are going to have to be made, but also more information on which to base its judgment.

Mr. President, I ask unanimous consent that the various editorials and articles I have referred to—including Robert Rosenblatt's article from the *Los Angeles Times* of July 14, an editorial from the *Times* of April 16, a *Washington Post* editorial of March 17, one from the *Philadelphia Inquirer* of June 13, Don Oakley's NEA column from the *Rock Island (Ill.) Argus* of June 25, and the *Wichita Eagle* and *Beacon* editorial of April 3—be printed in the *RECORD*.

There being no objection, the material was ordered to be printed in the *RECORD*, as follows:

[From the *Los Angeles Times*, July 14, 1976]

POST OFFICE—PLAY IT AGAIN, UNCLE SAM—
RISING RATES MAY FORCE CONGRESS TO
REINSTATE PRE-1971 SUBSIDY SYSTEM

(By Robert A. Rosenblatt)

WASHINGTON.—The Postal Service is in trouble once again, which means it will probably cost you 16 cents next year to mail a first-class letter.

The crisis could come as early as next spring, when, according to federal auditors, there will not be enough money to meet the service's operating expenses.

But it is not politically conceivable for the mail to stop. Instead, Congress will increase the postal subsidy, and the service will impose "temporary" rate increases.

The service has tried to save money. It saved \$2 million a year by closing 186 small post offices. But according to Sen. Gale W. McGee (D-Wyo.), chairman of the Senate Post Office Committee, that \$2 million would run the Postal Service for just 9 minutes.

"So for the equivalent of nine minutes of operating time," McGee said, "the Postal Service incurred the wrath of 53 members of Congress, provoked a lawsuit and persuaded thousands of mail users that, in yet another public area, the quality of life in the United States is diminishing."

Because Congress and the public are not happy, the Postal Service may pay a stiff price for desperately needed money from Washington—the loss of some management independence.

The House of Representatives, flooded with letters from constituents, already has voted to put the Postal Service back under the regular appropriations system. All revenues would go into the Treasury, with Congress

approving the budget each year. The Senate will consider a similar proposal later this month.

Congressional control was abolished by the

Postal Reorganization Act of 1971, which created an independent Postal Service with the goal of providing good mail service while breaking even financially.

Something went wrong. Deficits have grown each year since the reorganization. The speed of delivery for a typical letter is faster than in 1971 but still cannot match the performance of the old Post Office Department in 1969, according to a recent report by the General Accounting Office, a congressional watchdog agency.

"I think it would be fair to say that there is no more popular a whipping boy in our country today than the Postal Service," McGee told a recent meeting of his committee. "Whenever somebody runs out of things to be mad about, there is sort of a national pastime of blaming it on the Postal Service."

In two weeks, the Senate will debate a McGee-sponsored bill that would provide an extra subsidy of \$1 billion over the next two years and bar service cutbacks or rate increases before Feb. 15.

Others in the Senate, led by Ernest F. Hollings (D-S.C.), will try to amend the McGee bill to bring the Postal Service back under direct congressional financial control.

But it is doubtful that Congress will take back full control of postal finances soon despite the heated rhetoric. For one thing, the legislators now enjoy the luxury of criticizing the Postal Service without assuming responsibility for its operations.

Furthermore, any bill to put the Postal Service back into the federal budget almost certainly would be vetoed by President Ford, who is seeking to keep as low a ceiling as possible on federal spending.

The Postal Service gets approximately \$1.6 billion a year from Congress, roughly 12% of its budget of \$13 billion to \$14 billion. In the last year before postal reorganization, Congress furnished \$2.2 billion, then about 24% of the cost of running the post office.

Postal rates are established under a two-step procedure. The Postal Rate Commission approves "permanent" rates. Then the Postal Service itself can impose temporary rates, up to 33% higher. The commission recently recommended making the 13-cent charge permanent, clearing the way for a temporary increase to a maximum of 17 cents.

The Postal Service will probably seek a higher rate early next year, according to a high-level source.

"We won't go for more than 16 cents."

Returning to a full appropriations method, with Congress voting on the entire budget, would "sweep under the rug the fundamental nature of the problem," according to J. T. Ellington, Jr., senior assistant postmaster general.

"You would move away from economic justification of services which we are trying to do now, to a political justification," he said adding that the result would be enormous subsidies voted by a Congress anxious to avoid offending constituents with higher rates or reduced services.

The choice might be a 36-cent first-class stamp in 1985 or an annual subsidy of \$8.5 billion, according to the GAO study.

"Of course, Congress would rather vote a huge subsidy than listen to the screams from back home if a stamp cost 36 cents," a congressional staff aide admitted.

In the view of many analysts, whether the Postal Service remains independent or returns to congressional control will not alter

a basic contradiction: Businesslike efficiency and universal service do not mix.

Congress and the public want fast regular mail deliveries to crowded cities, small towns and isolated farms. They also want cheap stamps, efficient operations and no deficits.

The goals conflict. The Postal Service could

save \$350 million a year by eliminating Saturday deliveries, but the suggestion is anathema to Congress.

Another \$100 million could be saved by closing 12,000 country post offices, but that is unthinkable to congressmen from rural districts.

Faced with protests, Postmaster Gen. Benjamin F. Bailar recently suspended the service's modest program of closing 250 to 300 such offices each year, at least until Congress completes its work on financial aid legislation.

Some small offices seem eminently closable. In Alabama, for example, one such office serves 26 families. It brings in only \$4,500 a year in revenue compared with \$17,000 in costs. Moreover, there is another office just 0.7 of a mile down the road.

But to many congressmen, the savings generated by such efforts are simply not worth the cost in outrage among constituents.

Despite the complaints, the Postal Service appears to perform reasonably well when compared with those of other countries.

A GAO survey of 10 foreign countries—Australia, Belgium, Canada, France, Japan, the Netherlands, Sweden, Switzerland, Great Britain and West Germany—disclosed an average charge of 19 cents to mail a first-class letter. Of the 10, only Canada, with an 8-cent rate, had a lower charge than the 13-cent rate in this country.

The U.S. Postal Service covers a much bigger geographical area and moves 5 to 56 times as much mail as its counterparts in other industrial nations. The American postal worker is much more productive, handling more pieces of mail per year than an employee in any of the 10 other countries.

Sheer size generates many of the complaints about poor postal service in the United States. More than 89 billion pieces of mail are processed every year, including 50 billion first-class letters. The error rate on first-class mail is only 2% or 3%, but that translates into more than a billion letters mishandled and sent to the wrong place.

A first-class letter is now delivered in an average of 1.65 days, compared with two days in 1971 when the Postal Service came into existence, and 1.5 days in 1969 under the old Post Office Department.

More letters are processed by machines, which have a higher error rate than the old method of hand-sorting.

"The great preponderance of mail still goes through the next day, but you run into more extreme errors because of machine processing," Ellington said.

Letter-sorting machines and other equipment installed since reorganization have provided substantial benefits in efficiency, allowing the Postal Service to handle more mail with fewer people. The service has 676,000 employees; it would need another 50,000 to process current mail volume using the old methods.

Postal workers are much more productive than they were as employees of the Post Office Department. In the five years before reorganization, mail volume rose 18% annually, but

the work force of clerks and mail handlers climbed even faster—at 22%. Since reorganization, mail volume has risen another 5%, while manpower has dropped 8%.

The Postal Service is a labor intensive business—86% of its budget goes for labor—and has been especially hard hit by inflation. In one two-year period, for example, labor costs rose \$987 million because of cost-of-living escalator provisions in union contracts.

Postal workers' wages have risen much more sharply than the salaries of other civil service workers, prompting critics to accuse the Postal Service of acting weakly in bargaining sessions.

Salaries and benefits have jumped \$3.5 billion, or 47% since 1971, far outweighing the savings from mechanization and improved productivity.

Whenever gasoline goes up a cent per gallon, the Postal Service pays another \$3.5 million a year to operate its fleet of vehicles.

Accelerated inflation has been only one surprise for Postal Service management in the last few years. Another was the realization that mail volume was no longer growing. For the first time since the Depression, volume actually declined in 1975.

Businesses, which account for 80% of volume, began balking at higher rates and are seeking other ways to move their messages and products. And higher rates are sure to drive away still more customers.

Business mail provides 80% of Postal Service revenues. Congressional attention, however, focuses on the personal letters of constituents, which make up only 3% of all first-class mail.

Critics of the Postal Service often denounce third-class mail, the so-called junk mail flooding into homes and offices, as a service that rides on the backs of other postal customers. Not so, according to Bailar.

"Third-class mail has a rate which is fully compensatory for its costs," he said. "It is cheaper than first-class mail—there is no question about it—in terms of the rate. But at the same time, we don't have to print stamps, we don't have to sell stamps, we don't have to go pick up the mail, we don't have to sort it by ZIP code."

Because mail volume has stopped growing, one major Postal Service investment looks as if it might turn into a white elephant.

A full \$1 billion was spent to build 21 bulk mail centers aimed at winning business back from United Parcel Service. Originally, the Postal Service estimated it would save \$300 million a year by concentrating parcel processing in these centers. The latest savings estimate is just \$138 million a year because parcel volume won't reach previous expectations.

Americans must decide, postal officials argue what levels of desirable but uneconomic mail services they must have and how these will be financed.

[From the Los Angeles Times, Apr. 16, 1976]

THE MAILS: NO CHOICE

In an atmosphere of rampant dissatisfaction over mail service and over the rising cost of sending an ordinary letter, it is staggering to hear Postmaster General Benjamin F. Bailar asking Congress to double its mail subsidy, which already runs to \$1.5 billion a year.

Yet the nation has no choice. The subsidy should be granted—temporarily. Otherwise the Postal Service will have to cut services further and raise rates again. That would drive away more business, increase the deficit and start another cycle of service cutbacks and rate increases. America has been through that too many times already.

Unquestionably, the people who run the mails have made some large and costly mistakes. But these are not the only reasons for the system's terrible problems today.

Inflation is affecting virtually everything, not just the mails. In fact, in no other major country except Canada is the cost of sending a first-class letter so low in relation to prevailing wages.

Further, some of the miscalculations behind the current mail problems cannot be blamed on the Postal Service alone. When Congress established the new semiautonomous system five years ago, everyone who took part in the decision assumed that mail volume would continue rising. And it was commonly believed that economy measures could take hold quickly because of the Post Office's high rate of employee turnover. But mail volume has begun declining, and fewer postal employees are quitting. So, what was done to save money has cost money. But the investments and changes probably will pay off eventually.

There are other problems. New equipment has been put into regular use too quickly, resulting in misdirected letters and damaged packages. Unions have been recalcitrant, fighting reasonable efforts to spread workloads more evenly and to make underworked employees bear a fairer share of the load. Rate increases have been delayed unconsciously by the Postal Rate Commission's indecision.

Some of these problems can be solved eventually if adequate financial help is forthcoming from Congress, and if the appropriate committees exercise tough discipline over the Postal Service. Rigorous congressional oversight must not mean ending the limited autonomy under which the Postal Service now operates. That would compound the problem by putting complicated decisions on thousands of rates—and thousands of executive appointments—back into the political process.

American mail service, according to some measures of error rates and delivery times, has begun to improve. One day the mails should be able to come nearer breaking even, but that day—at the very best—is several years off. Congress can help by insisting on better performance by both management and labor as the price for temporarily paying the deficit.

[From the Washington Post, March 17, 1976]

PAYING FOR THE MAIL

It may seem heretical for a Postmaster General to suggest that postal service as Americans know and love it "could become obsolete." But Postmaster General Benjamin F. Ballar said exactly that last week in a gloomy speech in Detroit. His message was not just that the era of six-days-a-week, door-to-door mail delivery is ending; he warned that the Postal Service may never be economically sound even if drastic cutbacks in service are made.

Problems at the post offices are nothing new. In fact, it was the government's inability to manage the mails that led Congress to put the system on a "business-like" basis in 1970 and direct the new agency to improve service, cut losses, increase workers' salaries and modernize facilities. But from the start those goals have been impossible to reconcile. Some major management mistakes and generous labor settlements have run up costs; soaring inflation and energy prices, unanticipated in 1970, have had a devastating effect. According to the General Accounting Office, cost-of-living increases in postal workers' pay have totaled \$987 million in the past two years, while every one-cent increases in the price of gas has cost the Service \$3.5 million per year.

Contrary to popular belief, the quality of postal service has improved since the dismal days of 1971. Even so, the immense volume of mail makes a large number of complaints inevitable. (GAO has noted that if 95 per cent of first-class mail were delivered on time, 2.6 billion letters per year would still be late.) What really worries Mr. Ballar is that as postal rates have climbed, postal patronage has begun to drop. More people are paying their bills in person; companies are stepping up their use of alternate delivery services and electronic communications systems. Yet declining volumes do not mean decreasing costs; the mailmen may be bearing fewer letters but they must still make their rounds.

Mr. Ballar maintains that more efficient systems and more flexible use of manpower can only reduce the deficits somewhat, and that the only way to save the Service may be to cut services. He has just announced that two-a-day business deliveries in many cities will be stopped. He wants to close some small post offices and substitute other types of service in rural areas; GAO has calculated that phasing out 12,000 of the 18,000 smallest post offices could bring savings of \$100 million annually. Mr. Ballar is also promoting clustered or curb-side delivery instead of door-to-door service in new housing developments. He has even mentioned revising rates so that pre-sorted, standard-sized first-class mail sent by bulk users would cost less than a hand-addressed birthday card. And so on. But he fears that even if such drastic changes are made, the system may be unable to avoid the spiral of rising costs, declining patronage and gradual decay that has already made other services—local bus systems, passenger trains, the old-style telegraph—bankrupt as businesses.

That points to the problem: the premise is wrong. The nation's postal system should be business-like, but it is not a business. It is a basic public service that Americans rely on heavily. Indeed, the services that matter most are often those that make least sense in cost-accounting terms: service to individuals, to small communities, to small businesses and little publications. This does not mean that, for instance, every rural post office must be kept open forever if equivalent or better actual service can be provided another way. It does mean that postal communications have to be maintained; the mails simply must go through.

However, in order to preserve the kind of postal system Americans expect, the public has to be willing to pay—in part as users and in part as taxpayers. This is where the real

problem arises because the numbers are immense. According to GAO, if current services are maintained and the federal payment to the Postal Service stays at its present \$920 million per year, the price of a first-class stamp will rise to 23 cents by 1981. On the other hand, if stamps remain at 13 cents, the cost to the treasury could rise to \$8.5 billion annually within 5 years. The most acceptable arrangement probably involves some rate increases, some streamlined services and more public support—but detailed formulas are not going to be easy to devise.

All in all, this is the kind of problem that Congress is least happy with: one that affects every voter and interest group, and costs far more than anybody likes to pay. So far, most legislators have ducked. Last year the House authorized greater subsidies, but also voted to return the system's management to Congress—a move that is not likely to solve anything. More recently, about 50 representatives went to court to save some rural post offices, at least temporarily. We hope that they will follow through by addressing the problem of who pays. That is, after all, what Mr. Bailar is basically getting at, although in a somewhat back-handed way. The postal system cannot just muddle along much longer; some hard decisions about services and subsidies need to be made.

[From the Philadelphia Inquirer,
June 13, 1976]

WHITHER THE POSTAL SERVICE?

Anytime the government creates another commission to study a problem, there is a temptation to write its work off in advance as just an expedient way to get the irritant out of sight for a while. We now resist that temptation, however, to welcome the news that President Ford and key members of Congress have agreed on the creation of a blue-ribbon Commission on the Postal Service.

The fact is that such a commission is badly needed—not to bury the problem of the mails but to face up to it and help guide the country toward some hard choices.

It has been only five years since quasi-independent Postal Service replaced the politically-dominated Post Office Department. In that short time, however, one of the basic assumptions in the reorganization—an ever-increasing volume of mail—has proved erroneous. And while volume has been decreasing, inflation and other factors have pushed costs up steadily.

Even with increased rates and a \$1.5 billion federal subsidy, postal officials are predicting a \$1.4 billion loss in the fiscal year which ends this month and another \$1 billion loss next year.

That's just the short haul. For the long haul, Postmaster General Benjamin Bailar has warned, the Postal Service is "headed for potential disaster" unless something drastic is done.

"I believe we must re-evaluate traditional concepts of mail service to see if they still have value in modern America," Mr. Bailar said recently. "If the public elects to continue the postal system in its present form, it will have to pay a steep price. It may find the first-class stamp becoming a luxury item in the next decade and the Postal Service a ponderous and costly left-over from simpler, more affluent times."

Those are strong words with profound implications. If Mr. Bailar is right—and the

evidence supports him—he is also right when he says:

"We must seriously examine the possibility of restructuring both the services provided by the postal system and the schedule of payments for those services. We must, I believe, consider trimming back those services that no longer make sense or label them for what they are and arrange a system of subsidies that covers their cost. And we must identify within each class of mail the actual costs of serving various types of users and charge accordingly."

That is why a commission is needed. Now that the President and the key lawmakers have agreed to its creation, Congress should give it approval.

[From Rock Island, ARGUS, June 25, 1976]
POSTAL CRISIS BAD, BUT OTHERS IN WORSE SHAPE

(By Don Oakley)

WASHINGTON.—When people start reducing serious things to the silly level we know the situation is bad—as when Lyndon Johnson went around turning off lights in the White House, or when the postmaster in one city orders mailmen to take shortcuts across lawns.

Unscrewing all the light bulbs in the United States wouldn't have made a dent in the billions of dollars Johnson poured into the Vietnam sinkhole. Neither would the grave financial crisis the U.S. Postal Service is in be helped in the slightest if every letter carrier walked over every lawn in the country.

The magnitude of that crisis is becoming staggering. The service's deficit may total \$1.4 billion this fiscal year, compared with only \$13 million in 1973, when we thought things were bad enough.

What would help? Failing a massive boost in the government's subsidy, which Congress seems to be in no mood to approve, closing smaller post offices would, says John Gentile, chief financial officer of the U.S. Postal Service. So would ending Saturday delivery, or delivering mail only every other day, or charging everybody on a postal route a monthly fee.

So would increasing postal rates again, although here we are already close to the point of diminishing returns, if not past it.

For whatever comfort it may be to Americans, it is interesting to learn from a recently reported survey that imperfect as it is, the U.S. Postal Service is superior to the systems in many other countries.

It may be cheaper in some countries—in India, for example, it costs as little as two cents to mail a letter—but there as elsewhere low postal rates usually reflect a low state of the economy.

Even in Western Europe and Japan, postal service has been deteriorating and there are routine deficits, which are met out of profits from telephone and telegraph services, which are also government run.

In many countries it is customary to pay a steep surcharge to insure delivery, and pilferage and the opening of mail by censors are common.

In any event, no country has anything approaching the volume of mail that is handled in the United States, and few have anything like the distances involved.

The U.S. postal system is a lot like the trolley cars our cities used to have. We never

appreciated their value until they were gone, and then we wished we had done something to preserve them when we could.

[From Wichita, Kans., Eagle and Beacon, April 3, 1976]

POSTAL SUBSIDY MUST CONTINUE

It has always cost more in America to deliver a letter than the amount of postage paid by the mailer. But now the General Accounting Office (GAO) is fooling around with a "self-sufficiency concept" for the postal service, and the news is purely bad. By 1984, which is an ominous year in other respects as well, it will cost 34 cents to mail a first class letter, says GAO, and the postal service will be able to operate without subsidy.

The way things have been going, by 1984 34 cents may look no larger than 13 cents does today. Still, most survivors of less inflated days are likely to think twice before sticking a 34-cent stamp on an envelope.

Some of the effects might be fortunate. People might quit dashing off impulsive notes that they would later regret. There might be a resurgence in the carrier pigeon business.

But on the whole, it would seem that Congress and even the federal bureaucracy would ultimately come to the conclusion that the postal service cannot be expected to pay its own way.

A subsidized mail service is nothing new to us. Nor is it particularly shocking to think that the amount of subsidy needed in the future will be larger than it has been to date.

Every precaution should be taken to insure that the postal system is operated as efficiently as possible. But with that assurance, Congress should have no hesitation in providing the necessary subsidy, as it always has done. Mail service is important to the nation, and the costs of transporting letters cannot be permitted to become prohibitively high to the user.

CONGRESSIONAL RECORD—SENATE

August 24, 1976

POSTAL REORGANIZATION ACT AMENDMENTS OF 1976

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume the consideration of the unfinished business, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

Mr. MANSFIELD. Mr. President, what is the pending question?

The ACTING PRESIDENT pro tempore. The pending question is on agreeing to the amendment (No. 2201) by the Senator from South Carolina (Mr. HOLLINGS).

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, the distinguished Senator from Maine (Mr. HATHAWAY) has an amendment which would qualify under the exceptions made in our unanimous-consent agreement on yesterday relative to the Helms amendment and the two Dole amendments. Mr. HATHAWAY desires that, whether or not the Hollings substitute is adopted, his

unprinted amendment relative to agricultural qualification or classification of fisheries may also be submitted for consideration.

I ask unanimous consent that irrespective of the action by the Senate on the Hollings substitute, the Hathaway amendment be in order.

Mr. FONG. There is no objection.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I have not had the time to review the entire statement in yesterday's RECORD made by the distinguished chairman; but I notice that there is a general feeling on the part of those in the leadership that the business decisions of the Postal Service have been wise ones. In fact, the Senator from Hawaii says:

Look, you have a \$14 billion business. It has 89.3 billion pieces of mail. One percent mistakes would amount to millions of pieces of mail missent, and you have to expect that with such a tremendous volume.

The truth of the matter is that we are not picking on a missent letter, because that is bound to occur under any organization, and I will have to agree with the Senator from Hawaii on that. But, on balance, we are trying to study the Postal Service and give an objective judgment. We in Congress have not been afforded that opportunity. We are told at every turn, like the coach I had in college days, "Wait 'til next year." The football coach always wants to wait until next year.

H.R. 8603 had its genesis in January of 1975. It was reported to the floor of the House in July of last year and was passed by the House in October of last year, almost a year ago.

When we are talking about a blue ribbon commission and a 1-month study and how we have to get to work and keynote and cooperate and coagulate the different issues for Congress, the truth is that the Senate had Senator McGEE's bill in January. We have had it for 8 months. In those 8 months, with the expertise of our Committee on Post Office and Civil Service, we could have done a far more salutary job, I am convinced, than any blue ribbon commission coming into town that did not have any knowledge and working responsibility with respect to the Postal Service.

There should be a GAO study of Congress. We have substituted the GAO for the Committee on Post Office and Civil Service. We have had 140 studies by the Government Accounting Offices. It is almost like guerrilla warfare; because while we are not doing the work in the committees and within the committee structure, the individual members are trying to show some awareness, some understanding, some appreciation. So they are writing to Elmer Staats and the GAO.

I have the GAO budget on the Appropriations Subcommittee for legislative matters, and I found that we had an inordinate number of studies for the Postal Service—140 in all—costing more than \$6.5 million, much more than the cost of the operation of the Committee on Post Office and Civil Service. All of the work done by GAO, plus more, could have been accomplished by having the committee performing those studies.

You do not need a Sherlock Holmes to investigate to find what is wrong. You can, on the one hand, look at the business decisions of the Postal Service and the Postmaster General, or you can, on the other hand, look at that United Parcel Service, that element of real private free enterprise, that has succeeded, and very quickly learn of the decisions that they made in order to be competitive, in order to be economical, in order to give service, in order to survive in a demand and supply situation.

First, going to the decisions made by the Postmaster General with respect to being a private corporation—I included a good part of this in the RECORD on yesterday with respect to sole source contracting. For one thing, the General Accounting Office went in to see how any business with a competitive base would get competitive bids to try to effectuate economies. In fact, even the Postal Service testified, plus the GAO experts, that, rather than sole source contracting, if you had multiple source, if you had competitive bids for the various services performed, it amounted to at least a 30-percent saving.

We find out that half of the contracts

of this great, big, free enterprise, unfettered, unpolitical group made half of their contracts under sole source contracting, which was a tremendous loss for the Government. In fact, there has been some question raised about the award of contracts to relatives and business concerns of the former Postmaster Generals and some of their intimates with respect to the management consultant contracts that were entered into with very, very little result, if any, that could be proved.

Again, I am back to the original point: If we had the opportunity to have these hearings, we could have called the Postmaster General. We could have called the parties involved and having the testimony on both sides, we would have known the truth so that we could give it to Congress. As it stands now, we are still saying, wait until next year, after a blue ribbon commission reports back. All the time not knowing, really, whether or not there was a bad decision.

We do know that between June of 1970 and August of 1973, a company, Burnaford & Co., Inc., an advertising agency, directed by Mr. Charles Burnaford, a friend of former Postmaster General Klassen, was given \$815,000 in contracts for different services. GAO reported Burnaford & Co. charged twice as much in salary, that they billed the Postal Service for labor costs in excess of the actual labor cost. They charged the Postal Service for all auto expenses—incidentally, in Cadillacs and Mercedes Benzes. The Democratic candidate is out on the west coast doing away with Cadillacs. Private free enterprise is hiring them and paying for them. In turn, of course, the American public is paying for additional Cadillacs here.

Burnaford & Co. overcharged the Postal Service for travel expenses. Burnaford & Co. charged bad debts and personal telephone calls that would have caused a congressional scandal. When you get congressional oversight and when they know there is congressional oversight, they are a little bit more careful with these kinds of personal consultant contracts just given out willy-nilly.

We have many other things with respect to the Postmaster General's elaborate headquarters suite, but let us not pick at that. Let us go to the matter of vehicles. We cited yesterday, with respect to inflation and incidentally, let us say we have had inflation. The Consumer Price Index has said the cost for all services between 1971 and 1976, in the last 5 years, has gone up 35 percent. But the Postal Service cost of services has zoomed up 65 percent. So we can account for 35 percent of the 65 percent, but we cannot account for the additional

30 percent which is given there. So, again, we cannot just slough it off. Look, we have a big organization and 1 percent of the missent letters would cause the thing to go awry.

Let us look at the business decisions. Let us look, as businessmen are required to do with respect to their business judgments, not only at the Consumer Price Index, but we again go to the matter of the cost of vehicles. We found out that of the 85 contracts that were picked by the GAO, they could have eliminated 16 of those contracts and reduced others to a saving of \$185,000 and about 88,000 gallons of gasoline, or a 20 percent saving. Well, 20 percent on 12,000 contracts would zoom into millions and millions of dollars being wasted on bad business judgments. So that is the sole source contracting, the management consultant contracts or advertising contracts, the vehicle decisions. Then we go to the bulk mail facility.

Mr. President, when we were in school, we would send out the laundry. They said they had a special machine there. I say to Senator Fong, that ripped the buttons off your shirts and shot them through your socks, so you got back your shirts without buttons and your socks were full of holes. That man who ran the laundry, I think, is in charge of the bulk mailing facilities. No one outside of the post office says it has been a good decision. While they have cost a billion dollars, I will use the Senator's logic or argument that, being a \$14 billion annual operation, they could write off a billion dollars. They certainly have gone in the hole \$8 billion. They could have written off the \$1 billion bad decision and resumed speed under the old operation.

But, no, they continue with this bulk mail facility, of which they have improperly placed some 21 around the country, most of them operated by those who have never had any connection whatever with the mail service. All of them had total breakdowns. Congressman Wilson went into the Detroit office and found piles and piles of damaged packages. The same occurred, we saw in the news, at the Chicago post office. If anybody wants any old packages, we are going to have some rummage sales sometime, when the Postal Service finally makes a decision that it is going to have to take the people's mail and start opening up a Postal Service rummage sale and start selling the stuff, whatever it is, to dispose of it.

If we think we have good business management decisions, we look then to the vehicles, the management decisions, the sole source contracts, the advertising contracts, the bulk mail facilities. Then I guess this was the pressure that finally got upon the Postal Service to do some-

thing right. They had to get some kind of competition. They designed a workload program recording system, but we finally found out what to do with the poor junior class at West Point that we had a hearing on yesterday. They were told, "Take the exam home," and anywhere from 400 to 600, almost half of that class, was found—they have not concluded it, of course, but evidence is that half were engaged in a breach of the honor code at West Point.

Well, they have not had amnesty, but this program go so bad—incidentally, my Senator friend from South Dakota, if he would come back, would appreciate this, rather than having former Senator Goodell in charge, we could get the Postmaster General, because he knows how to get amnesty. It got so bad that he gave amnesty.

Let us find out just exactly what happened.

They instituted—if I can find that fancy name that they have for it, it is called—the workload recording system. Under the workload recording system, they were trying to make records then of the workload, and the GAO review said the postmaster told them that after being on the job for only a brief period—this is the postmaster right here in the district office—this is all of a sudden over a period of a few years, all of a sudden in Washington, where everything goes awry, all of a sudden we had the No. 1 post office in America because the workload recording system had said so.

Of course, they did not tell us it was manipulated. They did not tell us it was totally falsified. But in any event when the GAO went to look at it, they talked to the new postmaster who had come in in January of 1974, and in talking to that postmaster, it was said that he realized the mail volumes being recorded were incorrect.

His tours of the facility indicated that the volumes recorded were higher than those he observed; the facility was generally overstaffed. He said this overstaffing resulted from the inflated mail volume, and in his office he found prior inspection service reports which documented the history of falsification of mail volumes. There is no record, however, of any corrective action having been taken by his predecessors.

The postmaster said at that point he really did not know what to do about the problems. He decided to allow the mail processing operations to continue for the time being, and then, after assuring himself, he called a series of meetings of all the four supervisors and informed them that he knew of the volume falsifications and wanted it stopped immediately and he threatened to fire anyone who did not do it.

As a result, the mail volumes and productivity reported in the workload recording system for the period June 2 through June 28, 1974, about a 3-week period, declined 25 percent. Bam. As soon as it started making honest reports it declined 25 percent.

Now, the district manager did not like that because he had to report. You see, they have a tremendous hierarchy, by the way. The district managers ought to be discharged as a total waste. They have some 57 of them over the country, and everybody in this business says that you have the sectional managers, you have the regional officers, you have the Postal Service up here, and the district offices are just a superimposed hierarchy that is unneeded and is uneconomic.

But the district manager had to continue to show and get his blue ribbon, I guess, so he accused the postmaster of having lost control of the city's post office.

The controversy ultimately resulted, Mr. President, in a request by the eastern regional postmaster general for an inspection service audit, and the audit of the post office began in August 1974 and concluded in March 1975.

The inspection service found that in spite of the postmaster's warning to subordinates to cease all mail volume inflation the situation had not been completely corrected, and the inspection service estimated that the inflation of total piece handlings exceeded 60 percent—60 percent falsification.

Twenty-eight supervisory employees, as a result, ranging from first line manager to tour superintendent, admitted falsifying the workload recording system. I could elaborate more on it.

It got so far out of hand, that rather than reviewing it and going on further, the Postmaster General threw up his hands and what did he do? He granted amnesty. So there is a section of Government where you can receive amnesty, my distinguished friends, and that is from the Postmaster General. [Laughter.]

So when you are talking about improved service in statistics and everything else you are talking about falsification of records.

Now, look at the other particular property management decisions with respect to getting improved conditions. One report of the Postmaster General earlier this year said that 87 percent of the employees were now under good working conditions. But on a close inspection, and hearings would bring this out, money had been spent in obtaining flagpoles and in bulk mail facilities, but not necessarily in improvement. There has been an improvement obviously in some of them, but many still work under bad conditions.

As far as business judgments go, with

the new facilities projecting future use over a 10-year period, GSA says there is much excess space that could be rented. As a business concern impressed with the duty to make a profit or in this case break even, it would have long since rented, but they are not doing it.

I mentioned the district offices. I have tried to get into what they have called the improved service and everything else of that kind. I am trying to reserve some of the time for my other colleagues, and then answer some of the questions.

But let me say this, Mr. President, with respect to what is wrong; let us find out also what is right. We only have to go to the United Parcel Service, where many would say they are just skimming the cream. The fact of the matter is that you can go right down into Atlanta, Ga., right where the district office used to be. Every private industry has a headquarters in Atlanta. Even the Democratic nominee for President of the United States is now running from Atlanta. But, no, no, that is not a good decision, that is not a good business decision, they say. "We have got to go to Memphis, Tenn.," where there are no airline connections or anything else. You have to fight to get reservations, and you have to find a train that goes out there and if I do I will get it, but there are not any. The bus service is all interconnected. Nobody goes from Charleston, S.C., to Mississippi, and no one from Memphis, Tenn., on the Mississippi comes all the way to Charleston, S.C.

But down in Atlanta, where they have one of these parcel situations, the United States Postal Service built a facility there. They are great on cost, on buildings, and if you look at all the money spent, they are just big realtors. Of course, that is where the former Postmaster General, Mr. Blount, spent his life building buildings and, incidentally, his firm got \$91 million worth of contracts in the construction of buildings.

So they built one down there for the parcel service, and it cost them \$35 million. They have a daily volume down there of 95,571 pieces, and they have 549 employees. That is not a \$14 billion corporation, with 89.3 billion pieces of mail, with 1 percent of those going awry causing millions of letters being mis sent. I am not talking statistics, but talking facts, I am talking business judgment and where business judgment was made.

A similar United Parcel Service went in there and they built a facility that is serving them extremely well. Rather than \$35,585,000, they constructed one for \$4,500,000, one-seventh of the cost, on a business judgment, because they have to pay for it. There is no Federal financing bank to run to and get \$500 million as the Postal Service did on May 28 this

year, less than 90 days ago. They have already been to the Federal bank and gotten \$500 million, and they come here now asking for \$1 billion more, and they say, "We are going to run another deficit of another \$1 billion, and over our 5-year history we have gone \$8 billion in the hole." And the United Parcel Service built one for one-seventh the cost, and rather than 549 employees, they have 619 employees, and their 619 employees rather than handling just 95,571 pieces of parcel post, they daily handle 220,000. So, over double, almost three times, the volume at one-seventh the cost. Those are not missent letters due to little mistakes that are bound to happen. Those are calculated business misjudgments on behalf of the Postal Service.

Looking at how they are being accused now of skimming the cream, they do not just build buildings, they give a pickup service. Of course, they charge for it, but they go in and they find customers. Now, nothing prevents, under the Postal Reorganization Act, the Postal Service from going around and giving a pickup service. They used to have one in business areas and everywhere else. That has been totally eliminated. Windows have been closed on Saturdays when working people get off and get a chance to wrap a package and mail a letter. Maybe we should not have Saturday deliveries, because they are too costly, but at least they ought to have the window open and the facility alive and doing business as they used to, and get the package off. Windows have been closed and there are no pickups.

The United Parcel Service has a pickup and they have automatic insurance. They cover the package, so you do not worry about some kind of little limitation of \$100, and if it was over \$100 then it was lost. Mr. President, if you look at Detroit, if you look at Chicago, and look at the bulk mail facilities, I can guarantee it will be lost and it will be destroyed going through that machine.

So they are worried about it and would like to have adequate insurance. United Parcel Service realizes that is something desired by the consuming public and they give automatic insurance. They give easy proof of delivery, because, when they deliver that package, they do not just throw it off somewhere and then wrangle and have an argument about whether or not it was or was not delivered. They give them back a slip that has been signed. They give these additional services.

There is no mystery and no mistake in billions of pieces of mail which are being sent. This is a business judgment; they do not have to hire consultants.

An ordinary politician like myself can ask around and see they are succeeding in what they are doing.

So find what they are doing and, if it

makes good business sense, which apparently it does, emulate and copy what they are doing and provide the same services at the same cost. We know they have Federal financing.

I do not want to put the United Parcel Service out of business. I do not think I have any chance in this Congress. I think the United Parcel Service will grow. I do not think I have any chance with the Postal Service. But I would, certainly, if I were Postmaster General, give them competition.

To bring it into focus at this time, Mr. President, this is not a casual proposition. We are not in any crunch or rush for money. They just borrowed half a billion dollars. The House has another half billion dollars; it has been tentatively approved on both sides. We can give them the necessary money, whether it is a billion or half a billion dollars.

But, really, after 6 years, August 1970 to August 1976, we have to make a formative judgment.

I was asked once earlier this morning, "How do you go back to what it was?"

I happen to have been here. It was not that sorry. We were tired and, in my earlier years in the U.S. Senate, at least 40 percent of my time was on Vietnam. We were wrangling and moving up aircraft carriers or battleships. One day we were having electronic line bombing, or no bombing, playing war on the floor of the U.S. Senate for a good 6 to 7 years.

The judgments made at that particular time were that we were spending too much time over appointment of postmasters and in special interest groups coming in here for special postal rates.

My particular amendment does not go back to the political appointment of postmasters. It does not go back to the ratemaking. We have beefed up the ratemaking commission and expedited it. It had been delayed in the courts, but we have had that test case.

The Postmaster General and the majority of our Postal Civil Service Committee think that the expedited procedures, even under the McGee or similar provision under the Hollings substitute, will take care of the ratemaking. But it does say that with all these judgments we cannot come back to Congress year in, year out, asking as we are doing this year for a public service subsidy of approximately a billion dollars, an additional \$1 billion to get solvent, to keep from going bankrupt, and \$307 million for the phaseout of second-class mail rates.

They are asking for \$2.3 billion and saying, "All right, just give us the money and don't ask any questions."

I do not see how we can continue to do our job after 6 years' experience—and we oversee everybody and tell everybody how to run an oil company, how to fly a plane or defend the country. If you want

to know anything, come down here to the Senate floor and we will tell you how to bomb, or build a bomber, build an oil company, price gas, or what you should do for consumers. You will find experts here on anything you want until it comes to taking responsibility.

When it does that, what we see is, "Let's get a blue ribbon commission and that commission can go ahead and correlate all these fine facts which we do not have time to do.

We just had 8 months. Senator McGEE's bill was introduced in January and we have done nothing. We had a year and a half to title and number this bill, H.R. 8603, and that commenced in January. A year and a half ago, and we have still done nothing.

The Postal Service was instituted in August 1970. That is 6 years ago and we have not done anything. You can bet your boots that old political axiom of when in doubt do nothing, and stay in doubt all the time, will reign supreme in the U.S. Senate. We will tell every cabinet member everybody's finances.

If we sent OSHA around to the bulk mail facility tomorrow morning, they would be closed down. They would lock up all the Postal Service employees. They are all in violation. One lady lost a leg. They are unsafe.

I think, not being facetious, maybe we can get an OSHA amendment for the bulk mail facility to see how it would work.

They would not pass muster. They would close them all down and we would not have any mail at all.

Maybe that is the way to bring it to the attention of the U.S. Senate.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. STONE). Who yields time?

The Senator from Wyoming.

Mr. McGEE. Mr. President, I have been listening with interest here to my colleague from South Carolina. I think he underscores very well not only the differences that prevail in regard to how best to approach postal problems, but even the uncertainties and the dimensions of a proper national postal service.

The shortcoming of it all is that he would propose a solution, his solution, the kind of catch-all grab bag of proposals to plug up leaks in a system, as he sees it, that was put together 6 years ago.

God knows there have been plenty of leaks, plenty of gaps, and we have all learned a little in the 6 years of postal reorganization.

But I submit, Mr. President, that there are many deep running differences still in the wisest way to come to grips with this problem. That is the reason we have no business trying to plug a hole here

and stop a gap there and patch on another proposal here from the floor of this body in these closing days of the session.

The Postal Service of the United States is too important to our country, to every person in this country, and it ought to be approached in a reorganization updating, modernizing, whatever we want to call it, with the kind of thought and care that the magnitude of that service demands.

That is the reason for the pending proposal here on the floor, what my colleague loosely calls the McGee bill.

It is a compromise measure to try to hold the Postal Service in a state of relative stability in regard to rates, in regard to cutback in services, in regard to small post office closings, until we get out of the hectic, pellmell pace that this election year has thrust upon all of us, one way or another.

If we can hold that until the new year, whatever that administration may be, we will then have the report from the Presidential commission. At that point, with no end in sight in terms of the time imposed upon the Senate for its deliberations the Congress, the elected representatives of the people, can work their will on a thoughtfully put together bill for the postal system in the best interests of all the country as a whole.

I think that is the point that is uppermost in the consideration of the bill that is pending before this body today.

We have a proposal that was worked out very carefully with different groups that would approach the postal problem on an acceptable hold-the-line compromise. If we start at the White House end of the street, we find an adamant position there in regard to any kind of public funds being plowed into the Postal Service, including the postal subsidy concept.

I personally believe that a substantial public subsidy in the national interest is a must in the postal system. The White House disagrees. I do not know whether I am wiser than the White House or they are wiser than McGee. In any case, that very point requires that we take the time thoughtfully to sort out the various approaches to the postal system and then put them together in a collective effort in the best way we are able to do. That really is what is at stake here. We cannot do it from the seat of the pants in this body, in these late hours of this session. We would ill serve not only our own record, and we are supposed to be responsible legislators, but most of all we would betray a very much larger public responsibility to try to provide the best Postal Service possible.

I appreciate my colleague's efforts to try to improve that system. He has a

great feel in his proposal which I think requires the most serious evaluation. My point is it is only part of the input that is required before we dare make a new assessment at this late hour. His is one approach. There are 121 approaches, I am sure, and maybe 435, because we have that many Postmasters General in the Congress. It is 535 if we dare to include the Senate but I would not include Senators as Postmasters General. They are statesmen who simply are trying to solve a public problem. We have more Postmasters General than we have problems in the Postal Service. When we run out of problems, we invent more, with loose rhetoric, with quick solutions, and with seat-of-the-pants judgments.

What I am saying, Mr. President, is it is time that we sober up on this question. It is time that we let the mantle of public responsibility settle down upon our shoulders in a way we can look back upon when this year has worn itself through the electoral trials in both parties, and look back upon it with a sense that we did the wise thing, frustrating though it may have seemed at the time. That really is what is at stake in the issue which is pending here.

I call to the attention of the Members of this body what the GAO told the Congress, for those who care to read it, who care to study it, in an in-depth examination at the request of the Post Office and Civil Service Committee for an evaluation of the system. It was a 4-year study into which they plowed 200 man-years of evaluation. They submitted their report to the Senate committee last spring.

Some of the things they concluded ought to at least give us pause as we ponder what steps to take next and what kind of a move we ought to make.

What they told us was that a lot of operational things had gone wrong in the new effort undertaken 6 years ago. I suppose the major boo-boo in the new system was indeed, as my colleague has rightfully pointed out, the bulk mail system. That was launched under the first Postmaster General under the new system, Winton Blount, and the commitments and the contracts were made.

It was a gamble; it was an estimate. It was an estimate made by the private sector, and it turned out to have been a wrong guess. It was a sincere guess, a sincere estimate, but I think it did not work in the dimensions that had been envisaged. The GAO said so. But they also say that the responsibility of the Postal Service is so much larger than the handling of packages, many billions of pieces larger, that it is important that in our frustration over something that went wrong we not throw out the baby with the bath. That was their final conclusion.

The GAO puts its finger on something

else that went wrong in the Postal Service. They did not need to tell us this, but they were able to authenticate the impression that most of us have. That is that a lot of mail was not getting where it was supposed to go; that more mail than before was failing to get where it was supposed to go. They analyzed why. The why was the explosion in the volume of mail between 1964 and 1970, a volume of mail that jumped by billions of pieces; that broke down the Chicago Post Office. That had nothing to do with postal reorganization. That was under the old system. It had already begun to happen because of volume.

In an attempt to cope with the volume problem, one of the changes in the new system was mechanization in the sorting of mail, machines to replace hand sorting. The machines are vast key-boards, as those who have visited these installations will discover readily, but operated by a human being. The misssent, missorted mail jumped from about 1.5 percent error when sorted by humans to 5 to 6 percent error with the machines. Why. Because this was a new and sophisticated technique, and the training of new personnel to operate these master keyboards without human error was a rather torturous process. It has made a steady improvement ever since, just as even McGEE makes an improvement in trying to operate a typewriter. I have my words per minute now up to 38. I used to be only 20. If one practices, he gets better.

That is precisely the problem here. They say the 5 to 6 percent error in sorting mail constitutes the larger segment of the popular headache with the Postal Service. What is their conclusion about it? Their conclusion is that "Without the introduction of mechanized sorting there would have been worse mail service because of the avalanche of volume, sheer volume, that would have buried the whole country's mail service as it buried the system in the city of Chicago."

That is a real problem.

It is nice to gloss over and forget that ever happened, and tell us what to do about the Postal Service now. The point is something is being done about the Postal Service in a way that can lead to lasting gains.

The error incident has been falling at steady, regular intervals since the institution of the sorting machines. They still have more machines to put in. Many post offices have old plants that cannot absorb machines of that dimension. Those changes are still underway.

It simply says that each one of those changes is basic to the success of the system, and points steadily toward a lowering of the incidence of errors.

I remember Fred Kappel, who used to be Chairman of the Kappel Commission, who was appointed to recommend dimensions for reorganization of the Postal Service back in the 1960's. He was chairman of the board of "Ma Bell."

He was always prone to say two things: First, what an education it had been to him to get involved in the Postal Service of the United States. He recognized that it was a bigger and more complex problem than any private business had ever had to undertake, with a complete dimension of its own. I think it is well that we keep that in mind.

And he said one other thing. He said, "You know, with the volume of mail that we have in this country, we deliver more mail in America than all the rest of the world added together." Sheer volume: almost 90 billion pieces. He said, "If you have a 5-percent error"—which he said would be a very efficient system in the private sector—"you have 4.5 billion mad people because something did not arrive on time, did not arrive at all, arrived damaged, or whatever it was; but the percentage of performance is still incredibly high."

I can recite, along with my friend from South Carolina, all these headaches, and we have plenty of headaches. But the point, Mr. President, is that we are going to have a lot more headaches, we are going to have a whole mass of pains and aches and disasters, if we start tampering with an institution that is methodically building a more effective and efficient system.

We have gained a lot in 5 years. We have learned more in 5 years, and we have a great deal more yet to learn. But I say that, as we can gather by looking around this magnificent Chamber, we are not going to learn it here on the floor of the Senate, and this is no way to be engaged in a restructuring of the postal system of the United States. Responsibility alone, election year or no election year, requires that we take this issue very seriously.

The GAO's final conclusion on that 4-year, 200-man-year study, had two other significant findings. First, how do we compare in our nationwide postal system, in first-class rates, with the rest of the world? It is very interesting. Their are few places that have a lower first-class rate than the United States. One is Canada, where they have one major railroad all along the border and have all the mail fanning out from that particular central spine; and the rate is lower in Canada when they deliver the mail. They did not deliver any mail for several weeks last year because they had another problem. No mail was delivered; but that is an alternative, to go to the Canadian system.

Another nation with a lower first-class rate is the Soviet Union. We are told that you can send a first-class letter in the Soviet Union for a nickel, every time they decide to deliver. So you can go there if you want a better postal system.

But the GAO's final conclusion is that among the more advanced countries of the world, those where we can get into the country and examine the details and take their records and make an evaluation, the average first-class stamp costs 21.5 cents.

Their conclusion was that a 13-cent stamp was a very fine bargain in these inflated times. That leaves out the human factor of the problems that may cause individuals of very low income, and we are not unmindful of that; I am simply trying to place this whole picture in perspective, Mr. President.

We have one of the lowest cost first-class mailing operations in the world, in which the operation is measurable in any way or in any significant dimension. But the second conclusion they reached ought to be of great interest to our colleague from South Carolina, because it addresses itself to the manpower input, the per-man-hour input into the product that comes out. The conclusion was measured in the only common denominator in which it could be measured: How many pieces of mail were carried or delivered, and how many people did it take to do the job?

The conclusion that the GAO reached was that in the United States it took 8,000 man-years—that is, 8,000 men working for a year each—to deliver 1 billion pieces of mail. You interpose that in our total volume, and you get the dimension of the employment force in the Postal Service—a little under 700,000.

But the next most efficient system in the world, which was Switzerland, had 11,000 man-years for the delivery of each 1 billion pieces of mail, and the next was 13,000, the next 14,000, and the next 17,000.

What I am trying to say is that the per man input into the system in this country was the lowest in the world.

Before we get all carried away with our rhetoric and our exacerbation, let me say, Mr. President, that it is time we recognized that the vast dimensions of our Postal Service requirements make it almost a one of a kind system. In terms of our fellow beings around the world, we are very lucky people. It is not good enough for us, because we demand perfection, and that is why we will continue to harangue and haunt the Postal Service of the United States. It is everybody's fair game; when you run out of issues, you can always berate the Postal Service and get a very warm response back home. We have all found that out.

If you have a hard time getting a good punch line, take a crack at the post office. That is the standard formula in this election year.

Election shenanigans and fun and games are one thing; but the responsibility for an ongoing Postal Service without interruption is quite another thing. That is why it imposes upon us in this body a special responsibility as we ponder what to do.

My friend from South Carolina put together a package of proposals on this. He has given a lot of thought to it. So have a lot of other people—a great many other people—and there are many views and many different approaches. That is why it is imperative that we sort this thing out. That is why we seek to put together the best that human beings can contrive, in order to make the system work better. And we are not going to be able to do it here on this floor, or in the remaining days of this session, in an atmosphere that is charged with sharp political overtones.

Our colleague from South Carolina has included in his proposal what used to be the so-called Alexander amendment—it is now the Alexander-Hollings amendment—that would return the annual funding of the Postal Service to the Congress.

Now, that is a very appealing proposal, until you begin to examine its consequences; but one of the basic changes in the Postal Reorganization Act was to get it out of the uncertainty of annual appropriations, for one reason: No good management could plan with confidence on capital investments or plant replacements, or updating a system that was rapidly running into the ground like the old "one-hoss shay." You have to be able to knowingly plan ahead, which cannot be done without knowing what the congressional appropriation will be this year; and what the appropriation was each year was an attempt to try to pare it down as much as you could get by with for 1 more year, and that meant that we always cut out of it the requests for funds for post office plant improvement, for building new postal facilities and this sort of thing. And a very heavy proportion of the postal physical plant was as much as 50 years out of date at the time that reorganization got underway.

We are returning to a funding approach that courts that kind of disaster once again. We have been there, Mr. President. We know the cost of that. And we have to do something better.

The Hollings proposal does not. It only aggravates that particular approach.

And with a very telling point my friend from South Carolina said:

We have to put the Postmaster General back in the Cabinet of the President because

this Postmaster General could not even get in to see the President of the United States after he tried eight times in telephone calls.

He was referring to the new Postmaster General, Mr. Bailar, the present one.

Let me say to my friend from South Carolina that Mr. Bailar did get in and he was able to see the President of the United States in a very meaningful way for one reason: Because the Postmaster General of the United States is an independent public officer heading this massive public agency. Because of that he dared come before this committee of the Senate and say, "I cannot get through; they would not receive my call." And it did not take very many hours before there was a call once this was made public. The independence of judgment of the Postmaster General is a very important ingredient in this new operation.

Senators know, with all the great respect that we attach to the Postmaster Generals that we have under some of our fine Democratic administrations, that was kind of their secondhand job. They invariably were assigned much larger jobs from the standpoint of the party in power, whether it was the Democrats or the Republicans. They were charged with political appointments, with leading the Postal Service with all of the people for whom sometimes they could not find any other place, with advising the President on political judgments, and with sharpening the President's political capabilities around the country. This was true as to both parties. The Postmaster General spot in the Cabinet was specifically an activist political role, not a management operational role for a very massive service.

Therefore, I think we ought to go slow on that. My colleague thinks that is going to solve that problem, and we have an understandable and a sincere difference on that, but it again says that is why we should not be jumping at this and throwing it out with a swing of our arms, saying this is going to be the answer. We need to work the will of Congress in thoughtful and carefully examined ways as soon as we get back. That is the essence of the difference.

I am concerned about the patchwork aspects of my colleague's plan. He started out with the Alexander amendment, having Congress appropriate annually all the money, and there was so much flak that came up from that for one basic reason: Because that would impugn the integrity of any collective bargaining negotiation between management in the Postal Service and the work force under the Postal Service. One of the great reforms in postal reorganization was the

first workable case of collective bargaining. That was a major breakthrough, and it has worked effectively. Oh, I notice that much later in one of his later versions of his bill, to accommodate to all the flak that was flying around all of us here, he added a little paragraph later on in his bill that said nothing in this bill shall be read to contradict or impugn the rights of collective bargaining.

Well, Mr. President, what kind of mish-mash is that? Congress either can appropriate the money, in its own wisdom, or it cannot. Or they can collective bargain or they have to wait and see what Congress says first. I say it is important that we cut clean the separation from this appropriations uncertainty and the right of collective bargaining.

I think it is worth noting that after the first two sitdowns in collective bargaining—the third one occurred last year—and that collective bargaining agreement was held up by this administration, this President, as an example to the private sector of responsible collective bargaining agreements between management and labor.

What I am saying is it has come a long way and it is very responsible. But these same workers who have bargained collectively with a great sense of responsibility are now deeply disturbed by the implications of my colleague's proposed substitute for the compromise bill. And that is why they have gone on record against his bill, and I say it is time again that we set the record straight. My colleague did not intend to misrepresent it.

I received a letter which was hand delivered to me special this morning from the Rural Letter Carriers saying that they did not appreciate being misrepresented yesterday as having been in support of the Hollings bill. They are not in support of it. They oppose it. The same thing came from the Letter Carriers, one of the largest of the unions in the postal system. The same thing came from others in this sector, including the postmasters. To have it said of the postmasters of the United States, NAPUS, the National Association of Postmasters of the United States, that they supported the Hollings bill, turned out fury that was delivered through my telephone system overnight, and they want the record repeated here today that they oppose the Hollings amendment and that they believe that the compromise bill is the only one that can hold us together until we reexamine the much larger and complex picture more carefully in the spring.

I could recite all other groups, but I need not repeat that which we talked about yesterday. I simply say that the misgivings in many significant parts of

our country about a quicky approach to the changes here envisaged or proposed ought to give us pause and slow us down just a little bit in order to try to be responsive.

Mr. President, the last of the points I want to make now is that the proposal of my distinguished colleague from South Carolina, with all of its sincere intentions, will produce a Presidential veto. Then we are back at square one. And we have every chance to do it the right way in February, March, April, whatever it is, as Congress works its will once the report is submitted to the White House and to the two bodies of Congress.

Much fun has been had with another blue ribbon commission. Well, there are commissions and then there are commissions. Sometimes we have them running out our ears. But there is a rather strong and abiding belief that a carefully selected group of experts from many levels could render a public service under the gun, as it were, with the heat of the calendar keeping them in action, and that is the reason that they put a terminal point of mid-February on such a commission report.

Mr. President, you and I have been through many commissions, I am sure. We appoint a commission for 2 years. We spend the first year appointing the commission, the next 6 months deciding what the commission is going to study, and the last 6 months the commission gets down to business.

We want no delays of that type. This problem is too large and the urgency of wiser solutions hangs too heavily over us to play that kind of delaying game again. That is why the time fuse was added to the proposal. But at the same time we put in this compromise bill an agreed upon moratorium on the existing Postal Service with the administration downtown accepting the \$1 billion defrayal of some of the postal deficits.

It does not defray it all.

I do not know where my colleague got the \$8 billion number he is playing around with as a deficit. It is bad enough to be \$2 billion or \$3 billion. It happens to be \$4.5 billion in 1977. But that is neither here nor there. It is all horrendous. After you get past a million dollars, it gets to be pretty impressive stuff.

The basic concept that I believe to be present now is the concept of what a Postal Service of the United States should be. It should be service. It can benefit from the expertise of improved management techniques, but that never should be confused with a private business or with profitmaking.

With the expertise of good management to tighten the operation, the know-

how to address itself to this impressive volume of mail responsibility, I think it is impressive that we put into the new system a floating subsidy quotient, I should say, to allow for future inflationary periods, because that is what cuts into the present subsidy so severely. We nailed the subsidy to \$920 million in reorganization; \$920 million is about only 50 percent of that proportion now, in 1976. Yet, it is still riveted at \$920 million.

Somewhere along the line, we should be able to arrive at a wise formula for what that percentage should be in the postal budget. How much is it worth to the Government of the United States to have a nationwide postal system as envisaged from its inception, a system, as George Washington said, that would be a chain binding our country together, a postal system that in some 25,000 of the 30,000 postal communities is the only symbol of the Government of the United States, with the flag above it?

This says a great deal for a country as widely scattered as ours, as deeply diversified as ours, and as geographically separated as ours. It means something. I think it is not without point that no other postal system in the world is not a government monopoly, and we should not forget that.

Mr. FONG. Mr. President, will the Senator yield for a question?

Mr. McGEE. I am happy to yield.

Mr. FONG. It has been said that United Parcel Service has a more efficient operation. Does United Parcel deliver parcels everywhere in the United States?

Mr. McGEE. The United Parcel Service has been a very efficient service in the areas that it has creamed off, because they are able to take the best of the returns they can get, at a price that others are willing to pay for it. I think they have been a good yardstick for comparative purposes. But, no, they could not deliver parcels at all the corners of the land.

Mr. FONG. Does United Parcel, for example, use the Postal Service in its operations?

Mr. McGEE. The United Parcel Service has used the Postal Service occasionally. United Parcel, for example, was not delivering any parcels this spring because they were struck.

Mr. FONG. What about a little town in Wyoming?

Mr. McGEE. It is easier to use parcel post than it is to deliver it themselves in many cases. I am told it has been done.

Mr. FONG. In other words, it is like an airline. An airline is required by the Government to service various cities. United Parcel is not required, like an airline, to service every city, every little

town, every little village. Is that correct?

Mr. McGEE. That is correct.

Mr. FONG. Whereas, the post office must go into the little towns and see that mail is delivered and mail is collected. That is part of the public service charge to which we are now alluding.

Mr. McGEE. That is correct.

Mr. FONG. \$920 million was the amount that the Government was appropriating at that time as part of the deficit in running the post office.

Mr. McGEE. Indeed. The Senator makes a good point.

What it really says is that what United Parcel is engaged in is not what the responsibility of the Postal Service of the United States is. They are two entirely different things.

Only 2.8 percent of United Parcel's business in 1975 was generated by casual telephone calls from somebody who wanted them to pick up a package, or who walked in with business. The bulk of it is commercially generated from businesses, piled up in one place, and they get it out and move it on.

So it is a misleading analogy to draw the comparison to United Parcel. United Parcel does good work in its own way and in its own place, but it not the Postal Service of the United States. They do not even pretend to assume the responsibilities of the Postal Service of the United States. It is a wrong analogy to draw in regard to the Postal Service.

Mr. FONG. Would it be like a carrier picking out good paying cities and flying its airplanes to the big cities and leaving out the small cities?

Mr. McGEE. Yes. That is the real effect of the profit incentive. You are not trying to go into the hole. You are not trying to lose money. If you are going to give the responsibility that the Postal Service has to meet, you cannot penalize an individual because he chose to live in Spotted Horse, Wyo., because that happens to be quality living.

Mr. FONG. The law requires that the Postal Service serve every individual in our country.

Mr. McGEE. Every individual.

Mr. FONG. Wherever he lives.

Mr. McGEE. No matter what the geographical location may be, without penalty.

Mr. FONG. Is it not a fact that under the present law, the postal committees and Congress still have oversight with respect to the Postal Service?

Mr. McGEE. Indeed, they do. Both Post Office Committees, in the House and the Senate, have that oversight responsibility.

Mr. FONG. So if the Committee on Post Office and Civil Service wishes to investigate the various criticisms that

have been put forth by the distinguished Senator from South Carolina, it can do so.

For example, the distinguished Senator from South Carolina says that there is excessive space, that there has been excessive cost in building facilities, that competitive bids have not been given out, that high consulting fees have been made, and that there has been falsification. If Congress wishes to investigate that, it has the oversight power to do so.

Mr. McGEE. Indeed, it has.

Mr. FONG. It need not throw out the whole postal organization.

Mr. McGEE. That is right.

Mr. FONG. It need not throw out the whole system we have, in order to do that.

Mr. McGEE. That is correct.

Mr. FONG. Is it not a fact that some of the complaints that have been generated against the Postal Service have been caused by the misdirection of mail and the slowness of mail?

Mr. McGEE. That is where at least the burden of the explosion comes from.

Mr. FONG. And some of the criticism against the post office has been because of the closing and consolidation of post offices.

Mr. McGEE. That is correct.

Mr. FONG. One of the big criticisms against the post office is that there have been deficits. Is that correct?

Mr. McGEE. That is right.

Mr. FONG. Is it not correct that as of June 30, 1976, the operating debt of the Post Office was \$1.5 billion?

Mr. McGEE. Yes, that is correct.

Mr. FONG. Is it not a fact that the rate-making process was so delayed because this was a new venture, that it took a long time, 17 months and 23 months, to have two rate decisions by the Postal Rate Commission?

Mr. McGEE. Yes. The delay was due to the newness of the Rate Commission rather than to the mechanism.

Mr. FONG. Is it not a fact that if the rate had gone into effect at the time it was requested, there would be a recovery of \$1.4 billion?

Mr. McGEE. Yes. There would have been a very slight deficit—very slight—almost operating in the black.

Mr. FONG. About \$100 million.

Mr. McGEE. That is correct.

Mr. FONG. Almost operating in the black.

Mr. McGEE. That is right.

Mr. FONG. So the deficit could have been alleviated if we had had a prompt rate-making process and the Commission did not have to go through the long, tedious process of trying to look into every phase of the problem before it arrived at its decisions.

Mr. McGEE. The Senator is absolutely right.

Mr. FONG. Is it not a fact that inflation, rising labor costs, and very much higher oil costs within the last few years, have driven the cost of the organization to a point where it has created this difference?

Mr. McGEE. Indeed, it did create the difference. I think it is important there that we put the finger on why. Inflation hit everybody. It did not just pick on the post office; it hit everybody. When it hit General Motors, they raised the price of their cars to cover the inflationary costs. When it hit the big food chains, they closed down some of their stores to meet the capital flow needs that inflation imposed on them. But the post office can do neither of those things. The post office has to keep plugging along every day. They do not have the option that those other corporations have.

Mr. FONG. If they close down, they must give comparable service.

Mr. McGEE. Right.

Mr. FONG. If they consolidate, they must give comparable service.

Mr. McGEE. That is right.

Mr. FONG. Naturally, when you close down a post office, you are going to have a postmaster protesting.

Mr. McGEE. And whenever he gives service to. But recently, we have had an operation that has been surprisingly effective. The Postal Service, in the last 6 months, has been consulting in very small post office areas with the mail users in that area to examine whether there was not a better or at least equal alternative in order to save a little money. They found the constituents ratifying that proposal. The old post office that no longer served, because it probably had been encompassed by suburban sprawl that had developed around what used to be a little rural area, had gotten out of date.

We had a case like that in Ryan Park, Wyo., a very proud little rural post office. The citizens there decided they would get better service with a carrier from the nearby community than the service they had been getting before. They were mindful of the importance of every little rural post office to the community as a whole. I think the Senator from West Virginia, who is not able to be here this morning, made an excellent point on that. Rural America needs these rural post offices. But I think they need them wisely.

Under the old system as well as the new, the average closings of rural post offices has remained at a fairly constant figure—170 to 185, usually no more than 200 a year. This was under the old system. Because they found the population shifting, they found capabilities improving. This is always ongoing. It is not

something invented recently.

Mr. FONG. The postmasters welcomed consolidation.

Mr. McGEE. Some of them, yes.

Mr. FONG. And, of course, some do not want it. Naturally, for those who do not want it, we are going to have them writing to their Congressmen or Senators and objecting.

Mr. McGEE. I think that is understandable. We would probably do the same thing.

Mr. FONG. The majority of the 30,000 postmasters were appointed by politics.

Mr. McGEE. Yes.

Mr. FONG. Whereas, since the postal reorganization, they have been appointed by the Postal Service.

Mr. McGEE. It has created a career opportunity within the service that is an invaluable factor. But that invaluable factor of career opportunity is hinged to the independence of the agency, not by linking it again to the ups and downs of the political climates in the Congress and the White House.

Mr. FONG. Is it not a fact that the reason we went into the postal reorganization in 1970 is that Congress was unwilling to appropriate approximately \$6 or \$7 billion which was needed for capital improvement?

Mr. McGEE. It was needed for post office building improvement, acquisitions, capital investment. Congress was unwilling to do that because they could put that off to next year and, therefore, appear to be coming closer to balancing the budget, at the cost of deteriorating facilities.

Mr. FONG. Every year it fell into another year?

Mr. McGEE. It fell sadly behind.

Mr. FONG. Until the postal system became sadly in need of new post offices, new machines.

Mr. McGEE. One of the burdens of this new postal system was that they had to address themselves to an accumulated problem over the past 20 years or so all in one year or 2 years, or try to.

That was an excessive burden at the time. They have had to catch up to where we are now and that pace is going to be rather vigorous for a few more years.

Mr. FONG. Some of the borrowing made by the Postal Service is for capital improvements?

Mr. McGEE. Exactly.

Mr. FONG. As of June 30, 1976, the Postal Service borrowed \$1.5 billion for capital improvement?

Mr. McGEE. That is correct.

Mr. FONG. It is anticipated that the Postal Service will borrow around \$10 billion because we—

Mr. McGEE. They have that authorization.

Mr. FONG. To borrow up to \$10 billion?

Mr. McGEE. For capital improvements, yes.

Mr. FONG. So there is a difference between what is owed under operating expenses and what is owed under capital improvement.

Up to \$5 billion, up to June 30, 1976, was borrowed to build facilities or buy machines, which were not operating expenses.

Mr. McGEE. It is capital investment.

Mr. FONG. Whereas the operating expenses were \$1.5 billion in debt.

Mr. McGEE. That is right.

Mr. FONG. If we had gotten that rate increase in time, we would have been able to wipe out that \$1.5 billion deficit?

Mr. McGEE. The Senator is correct.

Mr. FONG. So, from the standpoint of financial responsibility, financial soundness, the operating side of the postal system is not bad.

Mr. McGEE. That is correct.

Mr. FONG. Due to the fact that it could have been made whole if we had gotten that rate increase.

Mr. McGEE. Yes.

Mr. FONG. Because we did not get that rate increase on time, we are now saying that, since it was our fault, we want to provide the Postal Service this \$1 billion to take care of part of that?

Mr. McGEE. That is correct.

Mr. FONG. Is that not the logic of it?

Mr. McGEE. That is the logic of it.

Mr. FONG. Is it not a fact that the Postal Service has reduced the number of employees?

Mr. McGEE. It has indeed.

Mr. FONG. Since the postal reorganization went into effect, in fact, it has reduced employees by 60,000, is that correct?

Mr. McGEE. 65,000, I am told.

Mr. FONG. It was approximately 730,000 when the postal reorganization went into effect, and now it is around 670,000?

Mr. McGEE. 665,000.

Mr. FONG. 665,000.

Mr. McGEE. They have been reduced by attrition.

Mr. FONG. If we had not mechanized the post office, we would still have the 730,000 employees?

Mr. McGEE. That is right. Mechanization has made it possible gradually to reduce the numbers through attrition, so that nobody loses these jobs, but a job was not filled in those areas where the mechanization made it possible for fewer individuals to produce a much larger volume of work.

Mr. FONG. And together with the reduction of the number of employees by 65,000, we lessened the number of post offices by about 1,300.

Mr. McGEE. Over that total period of time.

Mr. FONG. And that has been a saving of around \$671 million a year?

Mr. McGEE. That is correct.

Mr. FONG. Over the 6-year period, it will be a \$3.355 billion saving, which would have been a charge against the post office had we not—

Mr. McGEE. And a charge against the Congress of the United States, which we would have had to be bailing out.

Mr. FONG. Had we not gone into mechanization.

Mr. McGEE. That is correct.

Mr. FONG. Let us take the problem of mechanization. We have these bulk mail centers, 21 of them.

Mr. McGEE. Right.

Mr. FONG. To have the most efficient operation of a bulk mail system, you have to have volume.

Mr. McGEE. That is essential, right.

Mr. FONG. Therefore, you funnel all of the parcels into this bulk mail system. For example, suppose there is a post office in this small town 5 miles from another small town. Instead of taking the mail from the first town to the second town, which could have been done in, maybe, 20 minutes, you send it to the bulk mail center.

Mr. McGEE. Yes.

Mr. FONG. So the parcels can be gathered together mechanically and distributed. It may sound ridiculous, but it is not ridiculous.

Mr. McGEE. Well, that is the whole theory behind it. It does produce some freakish cases, but it did before. Under the old system, when they did not have the advantage of mechanization, when they got stacked up with a little too much mail, they would put the mail bags on the train and send it to the Pacific Coast. By the time it got back there, the jam was relieved. But that was going on all the time. This is designed to alleviate that kind of problem happening again.

Mr. FONG. You have to have that kind of problem, because you cannot run a big bulk, efficient mail service through machines without trying to get all that mail in.

Mr. McGEE. That is right.

Mr. FONG. So that when you send it back there, any man can say, why, you travel 100 miles for a 5-mile delivery of a piece of mail. That sounds ridiculous, but it is not ridiculous.

Mr. McGEE. The time lapse on the average mail delivery has been cut considerably in these last 6 years, overall. It is the ones that go wrong that we hear about. But on the overall average, the time has been cut, first by a much larger use of aircraft and, second, by overnight deliveries, by truck and whatever other

means is immediately available. This has stepped up the delivery capability.

Mr. FONG. In that regard, the post office handles approximately 89 billion to 90 billion pieces of mail a year, is that correct?

Mr. McGEE. That is correct.

Mr. FONG. If 5 percent of the mail are misssent, that means 4.5 billion pieces have gone haywire.

Mr. McGEE. That means how many letters you and I get every year of people who are mad at us.

Mr. FONG. We do not get a million complaints.

Mr. McGEE. It seems like it some days.

Mr. FONG. But it seems like it with everybody yelling.

Mr. McGEE. Yes.

Mr. FONG. If the post office was 99 percent efficient, it would still have—

Mr. McGEE. Almost 1 billion.

Mr. FONG (continuing). 900 million pieces of mail going haywire.

Mr. McGEE. Yes.

Mr. FONG. With millions of people yelling, you can see the criticism generated against the post office. But actually it has been doing a good job.

Mr. McGEE. It has been doing an improving job. I guess it is good compared with perfection.

Mr. FONG. But it is not perfection.

Mr. McGEE. But it is steadily improving. With all of the things going wrong, it is making a steadily improved work record, delivery record and management record, and these are important yardsticks by which to judge it.

Mr. FONG. The post office has set for itself a standard by which it delivers its mail. The standards established by the Postal Service:

For delivery of qualified first-class mail (stamped, zip coded and deposited prior to the last mail pickup, generally 5 p.m.) are as follows: Overnight (except Sunday) delivery within local areas, usually meaning a city's metropolitan area; 2-day delivery within a 600-mile radius, and 3-day delivery to all other areas.

Mr. McGEE. Yes.

Mr. FONG. I understand that since these standards were established, overnight local delivery has consistently been achieved for 95 percent of that mail.

Mr. McGEE. That was the last reading that we were advised of was about 95 percent.

Mr. FONG. Yes.

I understand that the cost of mail in the United States is much, much lower than all of the developed countries except Canada.

Mr. McGEE. Canada has a lower rate when they deliver the mail, as I suggested earlier.

Mr. FONG. Yes.

Is it not correct that a first-class letter which is sent through the post office in the United States costs 13 cents?

Mr. McGEE. 13 cents.

Mr. FONG. The cost for a first-class letter in Australia is 22.9 cents.

Mr. McGEE. That is right.

Mr. FONG. In Belgium it is 16.7 cents; in Canada it was 8 cents. The post office people went on strike; the first-class letter rate is now higher in Canada.

Mr. McGEE. It is 10 cents now, I believe.

Mr. FONG. 10 cents.

Mr. McGEE. I think it went up to 10 cents.

Mr. FONG. Canada is the only developed nation which has a first-class letter rate lower than the United States.

Mr. McGEE. Yes, I believe that is correct.

Mr. FONG. Ours is 13 cents and theirs is 10 cents.

France is 18 cents; Japan is 16.6 cents.

Mr. McGEE. And going to 18 this next month, I am told.

Mr. FONG. Going to 18.

Mr. McGEE. Yes.

Mr. FONG. The Netherlands 20.7 cents; Sweden 23 cents; and Switzerland 15.5 cents; the United Kingdom 17.3 cents; and West Germany 19.5 cents.

Mr. McGEE. That is correct.

Mr. FONG. So compared with these countries we are getting cheap mail; is that not correct?

Mr. McGEE. That is correct.

Mr. FONG. Except for Canada.

Mr. McGEE. That is right. And I mentioned earlier the Soviet Union, so they can move to the Soviet Union if they want a cheaper rate. Again they deliver almost every month there.

Mr. FONG. The efficiency of the people in the U.S. Postal Service has increased.

Mr. McGEE. The efficiency has markedly increased.

Mr. FONG. In 1967 to move 78.4 billion pieces of mail required 115,952 pieces per man-years.

Mr. McGEE. Right.

Mr. FONG. In 1970, it was 116,930 pieces per man-years, and in 1973, it was 131,079 pieces per man-years. It continues to be more efficient; is that correct?

Mr. McGEE. That is correct.

Mr. FONG. So, all in all, with the Postal Service having operated for only 6 years, with the tremendous amount of work it has to handle, with the complexity of the system, with the conditions it found itself in at the time of reorganization in 1970, it has not done badly.

Mr. McGEE. It has done better, let us put it that way. It is constantly and steadily improving.

Mr. FONG. Yes. Instead of picking on the postal system, we should give it all the cooperation we can. Why should we with one fell swoop of the Hollings amendment eliminate the postal organization as we have had it for the past 6 years?

Mr. McGEE. I think former President Kennedy had a very excellent way of putting that. He said, "Out in the West there is an old expression that ought to give us pause and that is we never take down a fence until we find out why it was put up in the first place."

Mr. FONG. Yes.

Mr. McGEE. Instead of running around wrecking the fences, let us try to do that in an orderly way and measure it.

Mr. FONG. Because we were in that jam, in that trouble——

Mr. McGEE. Right.

Mr. FONG (continuing). Because we saw the mounting amount of mail coming in, because we saw the increasing costs and increasing subsidies, we thought this postal organization should go into effect.

Mr. McGEE. That is right.

Mr. FONG. And we pushed it through in 1970. We have given it 6 years of experience, and in the 6 years of experience we find we have reduced the number of men in the post office by 65,000; we have reduced the number of post offices by 1,300; we have increased the efficiency of our people working in the post office, and they are getting a higher salary than they had been.

Mr. McGEE. They have a career opportunity now, really a career. They do not have to wait to see who wins the next election to find out whether they still have a job.

Mr. FONG. The Congress of the United States still has the oversight power.

Mr. McGEE. Yes.

Mr. FONG. So we need not destroy the postal system by saying "Bring it back to the Congress," where we are going to have a lot of politics and we will be reverting to the old political system, aside from and except that we will not——

Mr. McGEE. The Senator from Hawaii has stated it very well.

Mr. FONG. Except that we will not appoint the postmasters.

Mr. McGEE. Yes.

Mr. FONG. So I believe we should give it all the help we can. We should provide them with the \$1 billion that we have in this bill—\$500 million this year and \$500 million next year to reduce the \$1.5 billion deficit that it was operating under as of June 30, 1976, and where if the Postal Service had been given the rates they had asked for, the \$1.5 billion would not have existed.

Mr. McGEE. That is absolutely right.

Mr. FONG. From that standpoint I think this bill is very reasonable, and I think it should pass, and this amendment should be defeated.

Mr. McGEE. It is not only reasonable, I think what is even more it is responsible because it is the best we can do in an election year when everybody is busy doing other things. The continued reform of the Postal Service and the upgrading of it ought to become a full-time job.

Mr. FONG. Before we enacted the Postal Reorganization Act, we had a lot of hearings.

Mr. McGEE. That is right, hours and hours and hours.

Mr. FONG. Hours and hours and days and days of hearings.

Mr. McGEE. Right.

Mr. FONG. Hearing from all of the interested parties.

But we have not had an hour of hearings on the Hollings amendment, which would wipe out the Postal Reorganization Act we enacted.

Mr. McGEE. That is right.

Mr. FONG. So before we do anything along that line we had better listen, we had better call hearings, we had better ask the people who are interested in this operation to come in and testify.

Mr. McGEE. Right. It is not a matter now of trying to measure what is popular on the spur of the moment—

Mr. FONG. Yes.

Mr. McGEE (continuing). —or what people are crying for. It is a matter of trying to move with a sense of responsibility. That really is the key.

Mr. FONG. Well, here you have an operation that takes into its coffers \$15 billion and spends \$15 billion. This is a tremendous corporation from any standpoint.

Mr. McGEE. Right.

Mr. FONG. And by one little amendment coming in at this time, without any hearings, with no interested parties taking part in the hearings, we say, "Let us wipe it out." Is that fair?

Mr. McGEE. That is not only not fair, it is very, very unwise and irresponsible. I just cannot see a legislative body such as ours, the greatest deliberative body in the world, some cliché—

Mr. FONG. And not to deliberate on this.

Mr. McGEE. Not to deliberate on it would be a most serious blunder.

Mr. FONG. Because deliberation consists also of hearings.

Mr. McGEE. Indeed it does.

Mr. FONG. Long hearings.

Mr. McGEE. Indeed it does.

Mr. FONG. Detailed hearings.

Mr. McGEE. So that all sides, not just my side, but so all sides can be heard.

Mr. FONG. Right, because this is a very complex and very serious issue.

Mr. McGEE. Right.

Mr. FONG. And should be debated, should be heard. All of the witnesses should come in and we should listen to them and hear what they say to us.

Mr. McGEE. That is precisely the procedure that was envisaged in the creation of this body, and that is why it ill behooves us to try to put the whole system to the very careful thought and study.

Mr. FONG. I thank the distinguished Senator from Wyoming.

Mr. McGEE. I thank my colleague, the ranking minority Member on the committee. He has always been extremely searching in his examination of the postal problems. He has been a tower—I guess the proper word is statesmanship—on that committee.

Mr. FONG. I thank the distinguished Senator, my distinguished leader, for the very laudatory remarks.

Mr. President, I ask unanimous consent to have my two statements printed in the Record at this point.

There being no objection, the statements were ordered to be printed in the Record, as follows:

WHY THE HOLLINGS SUBSTITUTE FOR H.R. 8603 SHOULD BE DEFEATED

Mr. President, I rise to oppose Amendment No. 2201 offered by the Senator from South Carolina (Mr. Hollings) as a substitute for H.R. 8603, the Postal Reorganization Act Amendments of 1976.

On June 11, during the markup of H.R. 8603, Senator Hollings submitted an amendment substantially the same as the one now before the Senate, and the Committee overwhelmingly rejected it by a vote of 6 to 2. His amendment had its day in Committee and has been turned down.

The amendment should be defeated now just as it was in the Committee. It has a number of basic defects which make it unacceptable. I will discuss these points later but, first, I shall set forth the fundamental reasons for my very strong opposition to the amendment.

OBJECTIONS TO THE SUBSTITUTE BILL

The Hollings substitute bill, if enacted, would destroy the entire fabric of H.R. 8603. H.R. 8603 was woven together as a compromise bill.

It is a bill carefully and thoughtfully put together, piece by piece, after long hearings and difficult negotiations.

The Chairman of the Senate Post Office and Civil Service Committee, the distinguished Senator from Wyoming (Mr. McGee) labored for months to write a bill which could be accepted by the Committee and also by the House Committee leadership, the Postmaster General, the Office of Management and Budget, and the White House.

The separate and often opposing points of views of the parties had to be resolved. This took time, patience, and a spirit of conciliation and cooperation among the participants. As a participant myself, as the

ranking Minority Member of the Senate Committee, I can attest to the hard bargaining and difficult discussions that were necessary to bring about a meeting of the minds on the bill.

Having developed a bill acceptable to the principals, those who worked on the legislation realize fully how necessary it is to keep it intact and how difficult, even perhaps impossible, it would be to develop another proposal acceptable to all parties concerned, if H.R. 8603 were to fall of enactment now. It cannot be amended in any substantive manner if all parties to the agreement are to remain committed to the bill.

SUBSTITUTE BILL WOULD DESTROY H.R. 8603

The Hollings substitute has been described as a "wrecking bar" approach to attacking postal problems. It would indeed wreck the agreement reached on H.R. 8603. If approved, the substitute amendment would undercut and destroy H.R. 8603.

The Hollings proposal is a radical departure from the present system created by the 1970 Postal Reorganization Act. I am not against changes but I believe they should be carefully and thoroughly studied before being adopted.

The substitute proposal goes far beyond emergency financial assistance for the Postal Service. It would discard the present method of handling postal revenues and spending, and would install an entirely new system on a permanent basis. It would abolish the Board of Governors. It would change the method of appointing the Postmaster General and his Deputy. It would revamp the organizational structure and salary levels of the top postal executives.

All these changes would be brought about with one broad sweep of a piece of legislation which has had only the most cursory consideration by the Senate committee involved. No hearings have been conducted in the Senate on this far-reaching proposal. No witnesses have been called to testify.

I, for one, would like to hear the views of the people and organizations vitally concerned with these sweeping changes. How do they feel about this substitute bill—the Postmaster General and the postal management; the postal union leaders and their rank and file; the mail users across the country; the White House and the Office of Management and Budget?

If we are going to change the Postal Service in significant ways, let's do it with the benefit of full hearings and full consideration.

The Administration has made it clear it will not accept any bill which makes basic changes in the Postal Reorganization Act at this time. It is strongly opposed to the Hollings proposal.

The Administration's views on postal legislation have been outlined by the Office of Management and Budget to the Chairman of the Senate Post Office Committee. Briefly, its position is that "Since the (study) commission is to look into the basic problems facing the Postal Service, there should be no changes in the Postal Reorganization Act which preempt the Commission's review of current postal policies or changes which compromise the independent status of the Postal Service by placing restrictions on postal operating flexibility that are unacceptable to the Postmaster General."

The Hollings substitute is opposed also by the Postmaster General.

Since the substitute bill invites a veto, can a veto be overridden? There is scant possibility of such an action. Congressional committee leaders of both parties in the Senate and the House are committed to stand by H.R. 8603 and they can be counted to lead the fight to sustain a veto. Thus, the substitute bill is doomed. The net result will be that no bill would become law in that event. In view of the critical financial condition of the Postal Service, it would be disastrous if Congress did not provide emergency financial relief soon. The Postal Service cannot wait until next year for Congressional help. The only postal relief bill likely to succeed in this session is H.R. 8603.

OBJECTIONABLE PROVISIONS

Among key provisions of the Hollings substitute which are unacceptable are the following:

1. Annual Appropriation of Postal Budget. Beginning with fiscal year 1978, the substitute bill would require all postal revenues to be placed in the General Fund of the Treasury, from which would be appropriated annually such sums as are necessary to operate the Postal Service. This provision should not be adopted for many reasons:

First, it would require Congress to review every detail of postal management and operations. This would be contrary to the purpose of the 1970 Postal Reorganization Act because it would eliminate the independent status accorded the Postal Service in the Act. The net effect of such a proposal would be to "throw in the towel" on postal reform.

Second, the proposal would also drive up Federal spending by requiring Congress to appropriate the entire postal operating budget—\$15.4 billion in fiscal year 1977. Budget and spending ceilings would have to make room for this entire amount. Since all revenues would go into the General Fund, postal managers would have no incentive to economize and aggressively to pursue revenue protection programs.

Third, the proposal would make orderly postal budgeting impossible by leaving perpetually uncertain the level of postal appropriations.

Fourth, the proposal would distort postal ratemaking because the level of postal income would depend on the uncertainties of the appropriation process.

Fifth, the proposal could lead to arbitrary reductions in postal services. Congressional concern over Federal spending might lead to haphazard deletion of funding for specific types of services.

2. No Increase in Rates Or Decreases in Service. Under the Hollings substitute, no change in postal rates or closing of small post offices would be allowed until the annual appropriation process begins in fiscal year 1978. This is a longer moratorium than is specified in H.R. 8603, which would extend only to the time the study commission report is submitted on February 15, 1977. There is no need to unnecessarily extend the moratorium beyond the time needed for the commission to review the current state of the Postal Service's financial difficulties.

3. Reduction of Borrowing Authority. Borrowing for operating expenses under the Hollings substitute would be limited to \$500 million in any one fiscal year, and each obli-

gation must be retired in the fiscal year in which it was issued.

The level is unnecessarily restrictive. It would hamper the Postal Service in meeting unexpected crises such as an oil embargo or a wage and price freeze.

It would force the Postal Service to budget more for emergency reserves, thus adding new burdens on postal rate-payers. By worsening cash-flow problems, it could make it more difficult for the Postal Service to meet its payroll on schedule.

4. Presidential Appointment of Postmaster General and Abolition of Board of Governors. This would result in a loss of independence for postal management and put the legislative and executive branches back into the business of running the Postal Service. The goal of political independence for the Postal Service intended by the Postal Reorganization Act would be nullified. The proposal to make the Postmaster General a political appointee would encourage partisan tampering with political policies, appointments to key jobs, rate and classification requests, enforcement of the private express statutes, or even the confidentiality of first-class mail. In addition, abolishing the non-partisan Board of Governors, whose members are chosen to represent the interests of the general public, would remove the buffer between postal management and special interests with an ax to grind. It would also make rate and classification decisions of the Postal Rate Commission final without the present decision review function performed by the Board of Governors.

5. Restrictions on Executive Compensation. The substitute would severely limit both the compensation and the number of statutory postal executive positions. This provision would undercut the effort to attract and retain competent, highly motivated managers, requiring some officials to absorb significant pay cuts. It ignores the need of the Postal Service, a business-type government organization, to compensate individuals with the special skills to surmount its problems. It would expose the Postal Service to the same problems of pay compression, depressed salary levels, and lack of incentive that plague the present upper level Federal salary structure.

SUMMARY

The proposed substitute would aggravate, rather than solve, the problems facing the Postal Service. It would emasculate the 1970 Postal Reorganization Act. It would destroy H.R. 8603, a postal bill carefully developed and agreed to by Senate and House committee leaders, the Postmaster General, the Office of Management and Budget, and the White House. It would contravene the agreement between the Senate Committee and the White House and it would be vetoed—a veto which would be supported by a bipartisan coalition of Senate and House committee leaders who are committed to a fight for H.R. 8603.

For all these reasons, I strongly urge my colleagues to defeat the substitute amendment.

RECOGNITION FOR THE POSTAL SERVICE'S PERFORMANCE

The Postal Service has come under severe criticism in trying to cope with its problems. But too often its critics have overlooked or

downgraded the progress and improvements the Postal Service has made since it was created by the Postal Reorganization Act of 1970. I believe the Postal Service should receive proper recognition and credit where it has performed well.

The Postal Service recently assembled a report outlining its performance over the last five years. I would like to call attention to some of the highlights of this report.

1. Regarding its service performance, the Postal Service is generally meeting its mail delivery standards.

The standards established by the Postal Service for delivery of qualified first class mail, that is, first class mail which is stamped, Zip-coded and deposited prior to the last mail pickup, generally at 5:00 p.m., are as follows:

Overnight (except Sunday) delivery within local areas, usually meaning a city's metropolitan area; two-day delivery within a 600-mile radius; and three-day delivery to all other areas.

In view of this statistical evidence of good delivery performance, why have there been so many complaints from the public? There are three reasons:

First, mail volume is so large—almost 88 billion pieces per year including 50 billion first-class letters—that even a very small error rate produces a substantial volume of mail susceptible to complaints.

Second, first-class letters, by virtue of the postmark, contain highly visible evidence of any delay.

Third, as machine processing of mail (which has saved hundreds of millions of dollars in processing costs) has increased, so has missent mail.

A major program of machine modifications, operator training, and audits is underway to improve this situation. In addition, a commitment has been made to deploy optical character reading equipment replacing coding operators in larger installations. This deployment will save money and reduce the error rate significantly.

In addition to delivery time, other important aspects of service performance include the following:

The number of delivery points for fiscal 1976 stands at about 76 million, an increase of about 14% over fiscal 1971, largely reflecting the growth of new households.

Window service in the vast majority of cases is provided 8½ hours each weekday and on Saturdays where needed.

The Postal Service now offers 24 hour service through 1,075 self-service units that dispense stamps and contain mail drops. In 1971 there were only 565 self-service units in operation.

At present there are 30,576 post offices, down 1,371 from the level in fiscal 1971. As an average, 233 post offices have been closed per year from 1972-75 while an average of 323 per year were closed in the 10 years prior to postal reorganization.

2. As to fair and reasonable rates, U.S. postage rates compare very favorably to other countries. With the exception of Canada, where heavy wages increases may change the situation, the U.S. Postal Service charges less for letter postage than any of the following nations: Australia, Belgium,

France, Japan, Netherlands, Sweden, Switzerland, United Kingdom, and Western Germany.

The price of postage takes, in most other countries, a far greater share of the individual's income. For example, in the U.S., the average worker must spend one minute and 22 seconds to pay for the letter while in Japan, it is 3 minutes and 50 seconds and in the United Kingdom 4 minutes and 36 seconds.

Cost for first class letter in each country is as follows: Australia 22.9¢; Belgium 16.7¢; Canada 8.0¢; France 18.0¢; Japan 16.6¢; Netherlands 20.7¢; Sweden 23.0¢; Switzerland 15.5¢; United Kingdom 17.3¢; United States 13.0¢; West Germany 19.5¢.

3. Wages and benefits paid to U.S. postal employees are comparable to those paid to workers in the private sector. Postal workers in bargaining units receive in wages plus benefits \$8.05 per hour worked compared to \$8.04 for the average private-industry worker, according to a survey of 67 companies conducted a year ago.

While postal salaries rose rapidly in the first four years after postal reorganization, the rate has now slowed. A three-year collective bargaining agreement signed in August, 1975 provided a fixed wage increase of slightly less than 4% per year plus a cost-of-living allowance that adds one percent per hour for every 4/10ths of a point increase in the Consumer Price Index.

This contrasts with the Labor Department's estimates of an average 10.2% increase in wages in the first year of industrial contracts last year and an average annual increase of 7.8% over the life of the contract.

The Postal Service has made substantial savings through personnel reductions over the past five years.

In Fiscal 1970, just before reorganization, the Postal Service had 741,216 employees. By June this year, it had reduced the number of employees to 678,949, or 62,267 fewer employees than before reorganization.

The Postal Service was thus able to realize average savings of \$671 million a year for each of the five years, or a total savings of \$3.355 billion.

4. Financial Self-Sufficiency. As part of the statutory mandate to "break even" each year, the Postal Service must estimate its projected operating costs and revenue requirements well in advance and apply to the Postal Rate Commission for rates at a level that will cover these costs during the applicable period. These projections are for periods generally 18 months or so in the future.

A deficit may result from either unanticipated increases in costs, lower volumes and revenues than forecast, or unanticipated delay in completing the rate proceedings, or from a combination of these events. Over the past five years, the Postal Service has experienced all three and therefore incurred substantial deficits over this period.

As a result of the continuing deficits, the Postal Service has been criticized for "inefficiency". A few facts may help put this in perspective. First, a comparison of productivity as measured by pieces of mail processed per man-year before and after postal reorganization.

USPS Productivity: 1967-76:

Fiscal year	Mail volume (billions)	Man-years (thousands)	Pieces per man-year	Index 1967=100
1967	78.4	676	115,952	(1.7)
1968	79.5	697	114,090	(3.3)
1969	82.0	714	114,856	(2.7)
1970	84.9	726	116,930	(1.0)
1971	87.0	724	120,212	1.8
1972	87.2	708	123,158	4.3
1973	89.7	684	131,079	11.0
1974	90.1	704	127,977	8.0
1975	89.3	693	128,764	9.1
1976 Est.	88.0	674	130,564	10.6

¹ When indexed against the productivity figure for fiscal 1966, a clear pattern emerges of static performance through fiscal 1971 and significant improvement thereafter.

In addition to overall productivity, the Postal Service also measures efficiency in mail processing and delivery, each of which totals about one-third of the cost of operations. In the following table, the comparison is for two five-year periods, before and after reorganization.

Productivity Before and After Reorganization

	[In percent]	
Increase/decrease in:	1966-70	1971-75
Mail volume	+12.3	+2.6
Clerk-mailhandler man-years	+14.2	-5.8
Clerk-mailhandler productivity (pieces per man-year)	-1.7	+8.9
Total delivery points serviced	+8.4	+9.5
Carrier man-years	+11.4	-4.6
Carrier productivity (deliveries per man-year)	-2.7	+14.0

The substantial improvement in clerk-mailhandler productivity can be explained in part by the increased use of mechanization. The incidence of mechanical processing of letters has increased from 28 percent in fiscal 1972 to over 60 percent today. As a result, actual work hours devoted to mail processing have declined by more than 7 percent over the past 5 years, representing more than \$1 billion in costs avoided. In the same vein, today, 80 percent of carrier routes are motorized.

One further way of comparing productivity in the postal system is to relate it to performance in other countries. A comparison based on pieces of mail per employee shows postal productivity in the United States far above other nations, including Canada, Japan, Switzerland, the Netherlands, Australia, Great Britain, West Germany, France, and Italy.

Perhaps the most significant point regarding productivity is that it is rapidly reaching a point of diminishing returns. Increased mechanization, improved methods, and greater managerial skills are expected to reduce man-years by about 6 to 7% over the next five years. However, this will not be enough to offset rapidly rising costs.

The Postal Service will continue to suffer severe financial strain in the immediate future and also the effects of some long-term problems.

It was to meet both these needs that the

Senate Post Office and Civil Service Committee reported H.R. 8603, the Postal Reorganization Act Amendments now being considered by the Senate. The purpose of the bill is to provide temporary financial relief for the hard-pressed Postal Service, while a study commission seeks ways to attack the longer-range problems facing the Service.

As an emergency measure to reduce the \$2.125 billion operating indebtedness of the Postal Service through the end of fiscal 1977, H.R. 8603 would authorize \$500 million to be applied against the accumulated operating debt of the Postal Service as of September 30, 1976, and another \$500 million to be applied as of September 30, 1977.

The bill proposes the formation of an independent Commission on Postal Service to study and recommend actions to resolve the problems facing the Postal Service. It would make recommendations on wide-ranging subject areas and file its report and recommendations by February 15, 1977.

While the study commission is performing its task and before its final report is submitted, H.R. 8603 would impose a moratorium on postal rate increases and service reductions.

H.R. 8603 is a carefully balanced and thoroughly considered measure. It has the overwhelming, favorable support of the Senate Post Office and Civil Service Committee. It has the endorsement of postal committee leaders of the House. It is legislation urgently desired by the Postmaster General, and by nearly all the postal unions and their rank and file members, and by the Administration.

I wish to repeat the appeal I made in this chamber yesterday: Because of the shortness of time remaining in this election-year session of Congress, I hope every effort will be made to forego amending the bill before us. Not only will this assure early enactment of H.R. 8603; this bill may be the only acceptable measure, and this is the last opportunity this year for Congress and the Administration to work out vital legislation to save the Nation's postal system.

Therefore, I again strongly urge swift approval of H.R. 8603—without amendments from the floor.

Mr. McGEE. Mr. President, how much time remains?

The PRESIDING OFFICER. The final vote comes no later than 2 p.m., the time equally divided.

Mr. McGEE. That means 2 hours on a side. I was wondering how much time remains.

The PRESIDING OFFICER. The Senator from Wyoming has 53 minutes remaining.

Mr. McGEE. Fifty-three minutes.

The PRESIDING OFFICER. The Senator from South Carolina has 86 minutes remaining.

Mr. McGEE. I yield the floor.

Mr. HOLLINGS. Mr. President, before I yield to my distinguished colleague from South Dakota, I wish to ask the chairman of the committee, the Senator from Wyoming (Mr. McGEE) on my time about the veto by the President.

Is it not a fact that the Senator was informed by the administration that since the passage now of the Randolph amendment the deal is off?

Mr. McGEE. Whether they would veto or sign with the Randolph amendment.

Mr. HOLLINGS. Since that passed yesterday, has the Senator not also been informed that now the deal is off?

Mr. McGEE. No, we have not been so informed. The only information was that because this was not one of the anticipated proposals that was pending, the Senator's was the main vehicle, that it had not been examined, that there is the inclination also from the Postmaster General that they cannot live with it in terms of management planning.

How that comes out with the President, the recommendation is that may lead to a veto.

I am hoping they would reserve that judgment and see how we come along.

Mr. HOLLINGS. What did the OMB tell the Senator, anything at all?

Mr. McGEE. That the amendment gives them very serious misgivings because of the management principles.

Mr. HOLLINGS. Is the deal on, or not? We are telling everybody—

Mr. McGEE. I just told the Senator that the conclusion was that they were going to reserve their judgment to see what happens now and then evaluate it specifically.

Mr. HOLLINGS. So it could be signed by the President. They did not tell the Senator about an absolute veto as a result of the Randolph amendment?

Mr. McGEE. Yes, that was the indication on the idea.

Mr. HOLLINGS. What was the indication?

Mr. McGEE. The indication was that this was an interference with a management decisionmaking operation in terms of introducing more efficient operations and that with an independent agency this runs violently against that.

I suspect one of the reasons why they say they would like to reserve that judgment a little bit is that they were impressed by not only the eloquence of the Senator from West Virginia and the Senator from South Carolina, but the overwhelming vote of this body.

I think they probably are looking at it in realistic terms, in that fashion.

Mr. HOLLINGS. I yield to the Senator from South Dakota such time as he desires.

Mr. ABOUREZK. I thank the Senator.

Mr. President, I am very happy to join with the Senator from South Carolina as a cosponsor on the substitute provisions for the Senate Post Office Committee bill.

In 1970, Congress passed the Postal Reorganization Act. Although I was not yet in the Congress at that time, I was one of those who shared high hopes for reorganization, and especially that it would lead to streamlined management and better service.

We have been disappointed in both respects.

I regard Postal Reorganization as a well-intentioned experiment which failed. We found from experience that we could not demand that the Postal Service both break even and provide the level of service the public has a right to expect. We found that turning the upper levels of the Postal Service and its Board of Governors over to corporate executives resulted in distorted priorities and poor decisions.

We have found that the whole new structure of the Postal Service is neither fish nor fowl, that it is responsive neither to public demands nor to the market economy, that it answers essentially to no one on both financial and policy matters.

The question before us is what to do about what used to be and probably still is the best postal system on Earth, which has recently discovered itself, somewhat belatedly, between a rock and a hard place.

There are two questions for the Congress to answer. The first is whether for the short run, the Postal Service meets its budget through significant service cuts, such as the closing of small post offices, the reduction in delivery and desk hours, and the curtailment of special services or through a subsidy from the Treasury.

On this question, the committee bill and the alternative supported by the Senator from South Carolina (Mr. Hollings) and myself agree. We believe the public will not stand for service reductions and that the public interest calls for subsidy over and above the statutory limit to continue these services.

Because there has been some implication that the committee version of H.R. 8603 is the only one that will really help the Postal Service, I want to reemphasize that our substitute contains identical rate and service-cut moratorium provisions, and a short-term subsidy, which, if anything, is more generous and realistic in meeting the operating deficits now faced by the Postal Service.

There is another question, however, which is at least as important as the choice between reducing service and subsidizing it.

That question is who will determine the course the Postal Service should follow to right itself, remain solvent and maintain and improve mail service to the public. On that question, my distinguished friends and colleagues (Mr. McGee and Mr. Fong) do not agree with me or with Senator Hollings.

The bill brought to the floor by the Senator from Wyoming says that a 5-month Presidential-congressional wonder commission should examine the past, present, and future problems of the Postal Service and make recommendations to the Congress for action next year.

With due respect for the good will and good intentions of the Senator from Wyoming, and to the undoubted integrity and brilliance of the members who would be appointed to the Commission, the so-called Blue Ribbon Study Commission is a sham.

It is a sham because in 5 months no Commission can do a thorough job of independently evaluating the operations and finances of the Postal Service. The Commissioners will bring with them a certain point of view and come out with the same one. Or, alternatively, if the Commission members have no particular views on what should be done, they will rely on overpowering dominance of the Postmaster General who will serve on the Commission and on the staff.

The sham is that the 5-month wonder commission will come up with nothing new or comprehensive, and if their recommendations are good ones—I hope they would be good ones—it will be because the Commissioners or the staff or the Postmaster General already have these good ideas and will let the so-called Study Commission ratify them.

The establishment of a 5-month wonder commission is wrong for another reason. We in Congress have a constitutional responsibility, in article I, section 8, to "Establish Post Offices and Post roads"—in other words to establish and oversee the postal system. Right here in this Chamber there is a blue ribbon commission, which already has a mandate from the Constitution of the United States, to make the judgments necessary

to set goals for the Postal Service.

That we have been laggard in our responsibility of oversight does not mean that we should not start at this late date. If the so-called study Commission report to Congress next February, we all know that a debate like the one today will take place again. There is no information so startling, so unforeseen, so compelling, that without it Congress cannot make these decisions. Or if there is, let us have it now, rather than later. Why waste the time of 10 or 12 Commissioners, a large staff, a pile of lobbyists trying to get the Commission to protect their interests and of the American people on this sham?

The only reason I can see for wasting the time of everyone with a Five-Month-Wonder-Commission is that it will take us until after the election.

Now, by next February, I am very optimistic that we will have a new administration. I certainly hope we do. We will have a new President, a new Director for the Office of Management and Budget. If the amendment passes, we will also have a new Postmaster General.

Our new President will understand about post offices in places like Plains, Ga., and Pringle, S. Dak. The new director of the OMB will understand that being penny-wise and pound-foolish with the Postal Service is a mistake and a betrayal. Senator McGEE, Senator HOLLINGS, and our other experts in this body, will take it upon themselves to educate our new President and our new administration about the Postal Service.

There is another understandable reason for putting off the issue until after the election. That is to buy time until the public is lulled into complacency by the moratoria, and then lower the boom. We all know that the President, the Office of Management and Budget and even the hierarchy of the Postal Service were dragged kicking and screaming into the agreement negotiated by the Senator from Wyoming and the Senator from Hawaii. I think all of us know that in their hearts, the current administration would just as soon see the Postal Service twist slowly in the wind, so that they can repeal the private express statutes or whatever, and probably hope that this bill provides just enough rope for the Postal Service to hang itself by next February.

On the one side, we can remain silent and wait for a more sympathetic administration after the election, or on the other side we can remain silent and postpone the unpleasant carnage until after the election. That is the choice this bill presents to the Senate.

I think that is an insult to the Senate. The U.S. Senate is a blue-ribbon

commission. Here we have a body constitutionally charged with responsibility for the postal system; here we have the committee, the staffs, the GAO audits, the constituent mail. Here we have everything we need in the Senate to re-examine postal reorganization, and to continue the good points to change what needs to be changed.

It has been 5 long years since Congress had a chance to say anything about postal reorganization. The Senate as a whole has had no chance at all. Five more months will not straighten things out on their own. Five years could not do it. It is our job—the Senate's job—to get a hold on this situation. The public expects it, the Constitution demands it, and it is long past time that we reviewed the Postal Service operations and give ourselves a mechanism to do so regularly.

Postal reorganization has not resulted in either more efficient management or better service to the public.

It was based on the assumption that mail volume would continue to increase. Mail volume is declining. It was based on the assumption that politics was the cause of most of the postal problems. Politics, of a different order, remains and the problems do, too. Reorganization was based on the assumption that the Postal Service should be responsible only to good business sense, represented by the Board of Governors. It has demonstrated what I consider mediocre business judgment, and an insensitivity to public concerns in which no business would take pride.

I ask unanimous consent that a table from the annual report of the Postmaster General, 1974-75 be printed at this point in the RECORD. It shows the distribution of employees in 1971 at the beginning of postal reorganization and what it is today.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EMPLOYEES (ON PAYROLL AS OF JUNE 30)					
Employee groups:					
Headquarters employees:	1975	1974	1973	1972	1971
Field regular employees:	2,988	2,931	2,531	2,301	2,611
Field regular employees: Regional and other field units reporting to headquarters:	13,615	10,079	5,128	5,460	5,761
Inspection service:	5,610	5,461	4,680	4,716	5,011
Postmasters:	30,050	30,288	29,490	30,731	29,945
Post office supervisors and technical personnel:	37,157	37,422	34,474	38,102	37,357
Post office clerks and mail handlers:	238,913	243,291	238,727	250,390	229,571
City delivery carriers and vehicle drivers:	166,946	171,460	171,504	174,974	166,006
Rural delivery carriers:	30,828	30,674	30,423	31,024	31,131
Special delivery messengers:	2,878	2,964	2,995	3,205	2,661
Building and equipment maintenance personnel:	25,050	24,708	23,508	23,962	22,768
OFFICES, STATIONS AND BRANCHES (AS OF JUNE 30)					
Vehicle maintenance facility personnel:	5,029	5,289	5,416	5,823	5,589
Total, regular employees:	559,064	564,567	548,876	570,688	545,911
Total, substitute employees:	143,193	145,866	152,175	135,712	183,000
Grand total:	702,257	710,433	701,051	706,400	728,911
Number of post offices:	30,754	31,000	31,395	31,686	31,947
Number of branches and stations:	3,993	3,955	3,939	3,729	3,906
Classified branches and stations:	3,808	3,952	4,096	4,603	4,437
Contract branches and stations:	1,991	2,007	2,014	2,236	1,997
Community post offices:	9,792	9,914	10,049	10,568	10,340
Total:	40,546	40,914	41,434	42,254	42,287
Grand total:	742,803	751,347	742,485	748,654	771,198

Mr. ABOUREZK. The figures are extraordinary. They show an increase of 14 percent in headquarters personnel. The increase in what they describe as "regional and other field units reporting to headquarters" is an astronomical 136 percent.

During the same 5 years, the number of postmasters increased by thirty-five one-hundredths of 1 percent, the number of clerks and mail handlers declined by twenty-seven one-hundredths of 1 percent and the number of city carriers increased by fifty-seven one-hundredths of 1 percent. Rural carriers decreased by ninety-seven one-hundredths of 1 percent.

This is a devastating picture. While changes in number of operational personnel are down slightly, though negligible, there has been a ballooning at the top, and especially at a new level hardly imagined—regional office bureaucracy.

At the same time we saw 1,200 post offices close—a 4-percent reduction in 5 years—it took twice as many people to administer the Postal Service. If this is businesslike management, I fear for the future of American business.

Probably the major innovation in the past 5 years has been the bulk mail sorting machines and the mechanization of mail handling. This has been a decidedly mixed blessing.

A recent General Accounting Office study confirmed what many of us and our constituents knew from empirical evidence. The error rate of missing or lost mail has tripled to about 6 percent of total mail volume. While the average or typical letter gets to its destination marginally faster under the new system, it has three times more chance of being misdirected. Because of centralization, it also creates the anomaly of having mail to a neighboring town, or in some cases to a recipient in the same town, go 50 or 100 miles to sectional center to be thrown in with other mail, re-sorted and returned to its destination very near its point of origin. In rural States like South Dakota, intrastate mail takes a tortuous course and the benefits of the so-called improvements are not widespread.

All of this innovation was paid for on the basis of a projected increase in mail volume, which, we subsequently found out, would not take place. The

Postal Service, like everyone else, is entitled to honest errors and miscalculations, but this does not strike me as a glowing example of efficient management, which deserves a vote of confidence from the Congress and the American public when it asks for subsidy dollars with no strings attached.

Perhaps even worse is that the Postal Service has gone out of its way to antagonize, alienate, and ignore the people it employs and the people it serves.

Although a court order requires consultation with customers affected by a small post office closing, the questionnaire universally used to solicit public opinion deliberately misleads the respondents into believing that they cannot opt for maintaining the status quo, that closing is a foregone conclusion.

Often the postmaster is informed of management's plans when his or her superior shows up unannounced, offered a transfer which by postal rules the postmaster cannot refuse, and then surreptitiously surveys individuals trying to get them to sign a form approving the change management has in mind, without allowing the opportunity for any rebuttal or consideration.

If a firm in the private sector used these "sales" tactics, they would be reported to the Better Business Bureau. If it were a monopoly, the Federal Trade Commission should investigate. But this is not in the private sector. It is the U.S. Postal Service which is running roughshod over its employees, customers, and all standards of fair play.

The Postal Service resolutely maintains that they want to provide "equal or better service," that service cuts are in the public interest. If that is true, why does every action aim at deceiving, cajoling, or outsmarting the public? Why do they not tell it straight?

Why do they not tell the people which post offices, or at least how many, they plan to close? Why do they not tell us what instructions, criteria, or memoranda they have given to their field people on which to base postal closing recommendations? Why in developing the postal closing policy did they never consult with any residents, businesses, officials, or representatives of small towns and rural areas to get their reactions and suggestions for this method of "improving" rural service?

One woman, who has been fighting with her neighbors to save the post office in her small town, wrote me about a meeting with a postal official who said that in spite of the court order, in spite of the unanimous feelings of the customers, there was absolutely no way to convince him to reconsider his decision to recommend closing of the post office, and concluded the meeting by saying that he was rather proud, because he had never lost a postal closing recommendation case.

The woman wrote:

If this is the way our government operates, why don't we move to Spain, where the weather is beautiful and a dictator makes all the decisions?

The Postal Service is accountable—to the board of governors. The chairman of the board of governors is M. A. Wright, who is also, it so happens, the chairman and chief executive officer of the Exxon Corp.

Most people in this country realize what the big oil companies are doing to the public, but not too many of them realize where the Postal Service is getting its inspiration for doing the same. If we want a Postal Service which has to answer to the head of Exxon, and answers the questions of the business executives at the Economic Club of Detroit, we should support the McGee bill.

But if we think the Postal Service must respect the needs of the average family, the farmer, the worker, the widow, those who receive more mail than they send, we must support the amendments to make the Postal Service accountable to the people, to the Congress and to its customers.

We would abolish the board of governors, which is a useless appendage and a poor substitute for oversight. We would make the Postmaster General answerable to the President for his actions and to the Congress for his budget decisions.

We can and must have both efficient management and responsiveness to the public needs. Congress should be more than a noisy lobby, trying to wheedle considerations for the home folks. None of us is so foolish that we want to wreck the Postal Service, politicize it, make it inefficient.

It is already doing that to itself. We do not want patronage; we do not want

open-ended subsidy; we do not want to keep open every post office serving three customers. What we want is a Postal Service that once again sees its duty as delivering the mail, respecting the public, willing to defend its policies and priorities before the Congress, the administration, and the Nation.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. ALLEN). Who yields time?

Mr. HOLLINGS. Mr. President, first, I thank my distinguished colleague from South Dakota. He has been a leader in the concern that all of us have. I will be more explicit when the distinguished chairman returns to the Chamber.

Quickie amendments and a quickie approach? The fact of the matter is that all Senators over the past 6 years have been listening to complaints trying to study, trying to fathom, and trying to solve some of these problems. The Senator from South Dakota has come forward in support of what we have worked out as a very comprehensive, very deliberate, very well-studied solution to this particular problem. It is not a quickie thing or a political thing. It is an effort on behalf of a substantial number of Senators to be responsible and to face up to our responsibilities.

Mr. ABOUREZK. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. ABOUREZK. I have been hearing the distinguished chairman say that this is a quickie amendment and we should study it and have hearings. I seem to recall a couple of points. No. 1, our friend from South Carolina, chairman of the Post Office Subcommittee of the full committee, has never been allowed to hold hearings on this question in the last several years.

Mr. HOLLINGS. That is correct.

Mr. ABOUREZK. Second, at the same time the Postal Service and the administration were telling the chairman and the committee that they were going to ease off the political pressure by not closing up any more small post offices, a regional post office director in South Dakota called a meeting in a small town and announced the closing of five more post offices.

Mr. HOLLINGS. That is correct.

Mr. ABOUREZK. This is the kind of thing we are faced with.

Mr. HOLLINGS. I thank the Senator.

I am addressing my comments to a document entitled "Errors in Senator Hollings' letter."

I forward this document to Senator Moss so we can discuss it.

I ask Senator Moss, is that a document of the Senate Post Office and Civil Service Committee, a document of Senator McGEE and Senator FONG?

Mr. MOSS. In response to the question, I am sure I have no ready answer since I have seen it for the first time. I would doubt it is from the committee. Otherwise, I might have been aware of it. I know nothing about its authorship. I assume, therefore, it was prepared by one who is opposed to the Senator's point of view.

Mr. HOLLINGS. That is quite obvious.

Will the Senator hand it to Senator FONG and ask him if he is familiar with that document, if he has seen it before? I have just received a copy of it myself.

It parallels, in large fashion, some of the arguments made by the chairman a few moments ago which we will now answer.

Mr. FONG. I have not seen this document before.

Mr. HOLLINGS. I thank the distinguished Senator. This is the way the Senate works. If we take time to get a live quorum to come in and only answer momentarily and go about their business, no one listens. The Postal Service, I understand, prepared this document. We will try to find out who prepared the document. Then the Service runs around to the several Senators talking about errors in the letter.

It is very interesting that the Postmaster General and the Postal Service would come out with so-called errors that the crisis is not really financial, stating that my letter, which I had documented and mailed around to all Members of the U.S. Senate, is inaccurate in misunderstanding about the financial figures.

I had simply taken those financial figures from the committee report. It is very interesting that they say that "The Senator's letter is inaccurate," but they do not say that the committee report, Mr. President, is inaccurate. Because I am quoting from the committee report, "Postal Reorganization Act Amendments of 1976," submitted by Mr. McGEE, from the Committee on Post Office and Civil Service, which states, on page 2:

If it were truly a business, the United States Postal Service would be bankrupt. At its inception in July of 1971, the Service had assets of \$3.4 billion, with a capitalization balanced between liabilities of \$1.7 billion and equity of \$1.7 billion. It will end fiscal year 1977, in the absence of relief, with an accumulated deficit of approximately \$4.5 billion and it already has negative equity.

So I am only quoting just exactly what they said there. Since there is a statement prepared by the Postal Service and the Postmaster General to say that we are inaccurate, we can only go to the Postmaster General's testimony in a hearing before the committee on March 29 of this year, on page 23. I quote from the testimony of Postmaster General Bailar:

We have the capacity of being effectively rendered insolvent within the course of a year if the Treasury were ever to choose not to loan us any more money from the Federal Financing Bank.

So if the Treasury decided not to lend them the money, they would be bankrupt. This takes me to the point of the Senator from Hawaii, about this money being used to build buildings, when the fact of the matter is they have been using the majority of the money for operating expenses. There is only \$1.5 billion of the projected \$4.5 to \$5 billion deficit by the end of this next fiscal year, only \$1.5 billion of that has been for buildings. Talking about quickies, talking about politics, talking about misleading, I was quoting the man who testified to Senator Fong at that hearing, and I

am quoting Mr. Anderson from the GAO, on that exact amount.

Mr. FONG. Mr. President, if the Senator will yield, I was referring to June 30, 1976. That was \$1.5 billion in operating debts, and \$1.5 billion which was borrowed for capital expenditures.

Mr. HOLLINGS. All right. Mr. President, I am turning now to the hearings, which show Senator Fong questioning the witness on February 16 and 20, on page 47. Mr. Anderson is testifying:

Their planned borrowing will come to \$5 billion that they will have outstanding in debt at the end of fiscal year 1977. September 30, 1977, that is, including a net of payback of \$604 million between now and then, but in any event, they will have \$5 billion of debt that the organization will be saddled with. That is really going to impact on their operation at that point, and you might as well write off self-sufficiency, unless you give them some help.

Then Mr. Anderson states, on page 63:

Over the next 18 months they intend to borrow another \$1 billion for operating costs, and to me they are really mortgaging the future. That is a violation of the basic tenets of good business, as you are well aware, borrowing money to pay your operating costs especially if it is long-term money, and they have already rolled over some of their short-term notes.

Then, at the top of page 50 of the same hearings, Mr. Anderson, the expert from GAO, answers:

That is right, sir. In effect, the money that the Postal Service is borrowing from the Federal Government are Federal expenses. This is really a Federal organization, and those moneys are being expended to operate it.

It is a question of whether you appropriate it annually, or whether you are using your borrowing authority from the Treasury.

That is the crux of the matter. You either go over to the Treasury and keep borrowing, or you come to Congress and keep borrowing. We know the Postmaster General said eight times he tried to

get either the Director of Management and Budget or the President of the United States on the telephone eight times, without success. And when it was finally printed in the New York Times, that is when they answered the telephone—it is a question of whether we take my amendment, or take the stickup amendment, Senator McGEE's amendment, in the nature of a substitute. The McGee amendment says, "Give them the money and don't ask any questions."

Now I am glad to yield to the Senator from Hawaii, if he has a question.

Mr. FONG. Yes. Is it not a fact that as of June 30, 1976, there was a \$1.5 billion operating indebtedness?

Mr. HOLLINGS. That is exactly right.

Mr. FONG. That in the transitional period, that is, July, August, and September, they will have a debt of \$125 million?

Mr. HOLLINGS. That is right. That is what they project.

Mr. FONG. Then, in fiscal 1977, that is, from October 1, 1976, to September 30, 1977, they expect to be in debt again by \$500 million?

Mr. HOLLINGS. No, they have projected another billion-dollar deficit for next year. The Postmaster General testified to that.

Mr. FONG. So that the—

Mr. HOLLINGS. Wait a minute. What the Postmaster General testified was—

Mr. FONG. Well, I will get to that.

Mr. HOLLINGS. All right.

Mr. FONG. So there will be \$2.125 billion in operating indebtedness as of September 30, 1977.

Now let us get to the capital expenditures, money borrowed to build facilities. \$1.5 billion up to June 30, 1976. They will borrow in the transitional period—that is, July, August, and September of this year—\$375 million. And then, for 1977, they would borrow a billion dollars.

So this would bring it up to \$2.875 billion borrowed, as of September 30, 1977, but they will pay back \$67 million in 1977, so there will be capital expenditures owing, that is, debt due to capital expenditures, of \$2.808 billion.

So if you added together that operating debt of \$2.125 billion up to September 30, 1977, and the \$2.808 billion for capital expenditures, you have approximately \$5 billion.

So you have to divide that into operating debt and capital expenditures. To say that they are \$5 billion in the hole is not a true picture.

Mr. HOLLINGS. Well, the Senator just got to the \$5 billion. I thought his arithmetic was working very well. The Senator got the \$5 billion, the witness from the GAO got the \$5 billion, and I got the \$5 billion the same way.

Mr. FONG. Yes. But almost \$3 billion.

of that is borrowed to build facilities. The asset is there. It has not run away.

Mr. HOLLINGS. Now, Mr. President, the Senator does not consider May 28, 1976, just less than 90 days ago, when they borrowed an additional \$500 million from the Federal Financing Bank. They did not come to Congress; they just went down to the bank.

And when they borrowed that, they rolled over, not only borrowing \$500 million, but they rolled over a note that was due for an additional \$200 million. They really renegotiated an added loan of \$700 million.

We talked about their testimony in February and March, but their activity in May and the Postmaster General's testimony said they would go into the hole this year another billion dollars or more, and another billion next year. It is reasonable to assume that it will be at least another \$3 billion. But let us take Senator Fong's testimony of \$2.125 billion. Two billion dollars in operating deficits is not a small amount. We provided \$10 billion so there would not be a hiatus. Congress said that with that added \$5 billion and the \$125 million, we could balance the budget by asking the Post Office to wait another year for their money.

I was on the committee at that time, and we debated it. The \$10 billion was a kitty for capital improvements and not for operating expenses—certainly not for operating expenses 6 years after the enactment of the bill in August 1970.

To come up to the admitted figure of \$2.1 billion in operating expenses with no idea what they are going to do next is fiscal irresponsibility. It is like the gentleman from the GAO said that he certainly would not put any money at all in that kind of business if he were in business. He said:

But I know one thing, I thought to myself this morning that if I was a private investor and this organization had to survive on its own, I do not think I would put a dime in it. It would have to live on other resources.

That is what the GAO talked about.

They come around here with all these GAO reports. They say how grand and splendid it is that everyone is happy, and what have you. The GAO witness says: "Do not put a dime in it. It is broke."

The Postmaster General says that he would be insolvent had he not borrowed the money and could continue to borrow it and, if they cut him off, then he is broke.

Then they come up with the smear sheet at the last minute talking about inaccurate statements when we are only quoting the Postmaster General and quoting the committee report.

Mr. President, let us get on to some of these other points that were made. The

Senator from Hawaii is still exercised about that United Parcel Service, and they had quite a nice, delightful dialog congratulating themselves as being statesmen, the Senator from Wyoming and the Senator from Hawaii, and said that United Parcel Service could not deliver parcels everywhere, that they just took little specific pieces and creamed them off.

The fact of the matter is United Parcel Service is subject to lawsuits and they could not do as the Postal Service does and take all the packages and break them all up and throw them in the corner. In fact, it has exercised the Senator from North Carolina so much that he has an amendment to deal with this.

So if you are going to operate a private business and you take my package, break it up, and throw it around, and I go ask about it and they say, "go see somebody else; we are a private service; we cannot talk to you," there is no service at all in that. One cannot subject the Postal Service to lawsuits.

The United Parcel Service can be sued, and of course they respond. But if we had lawsuits against the Postal Service for misssent packages, then that Postal Service crowd would all be really behind bars. I can tell Senators that right now.

I have given the facts about the excellence of the United Parcel Service. I have given their capital investment, how they handle the volume, how they have a certain number of employees in order to handle it, showing one-seventh of the cost right there in Atlanta. They are not creaming off anything. In fact, it sounds like pretty good skimmed milk which is rather sturdy, full of protein and no cream. When they build a building to handle almost three times the volume at one-seventh of the cost, that is not creaming. They are making sound business judgments and giving that service.

With respect to collective bargaining about which we were misled, I wish the Senator from Wyoming were still here, that he would come back in the Chamber, because we only have limited time, and he is the chairman handling his bill. I

quoted two groups on yesterday. I quoted from the statement which was made. I read it, and it is not misquoted. I read it from the Laborers International Union, where they stated in their testimony on April 26, 1976, at our hearing:

Abolishing the board and having the Postmaster General appointed by the President and confirmed by the Senate needs to be one of the first actions of Congress.

That is what the Laborers International Union of North America said. The gentleman's name is Mr. James J. Lapenta, Jr.

I did not say that he endorsed the Hol-

lings substitute. I just said he said that it was the first order of business.

Going further from that, we hear now of the Alliance and Industrial Labor Union. I have their statement of July 23, where they say, amongst other things:

The failure of the Senate bill to require annual authorization of all Postal Service funds and Presidential appointment of the Postmaster General subject to Senate confirmation will seemingly be a fatal mistake, and now you are urged to have such a provision included.

That is what we have in our substitute amendment here.

I did not say all of labor was behind us. But we know labor has become a mix, as Senator JACKSON found out in the State of Pennsylvania.

How could any southern Governor, coming from a right-to-work State and having voted for the right-to-work law, get into the State of Pennsylvania and carry Pennsylvania with all of organized labor's leadership for Senator JACKSON, and take it? He took it with labor voters. That is what he did.

I think we have learned to look objectively as to what labor says and what labor does not say down the line.

I am only citing those two, and it was not misleading. And I resent the implication that the Senator made that I misled. I am quoting exactly what they have said.

With respect to the matter of collective bargaining, let me tell Senators here and now that there is one way Congress could impair the obligation of a contract. They could do that by simply not appropriating any money. That is under the Constitution and law. We have legal opinions. We have the legal opinion as to our particular amendment where we had under section 5:

Nothing contained herein shall be construed to impair the obligation of employment contracts that the Postal Service has entered into with its employees, and nothing contained herein shall be construed to impair the authority of the Postal Service to collectively bargain employment contracts with its employees as provided in the Postal Reorganization Act."

Nothing could be more clear. Under the *Illinois Bank & Trust Co. v. Chicago, Rock Island, and Pacific*, 294 U.S. 648, we see that although the Constitution does not expressly prohibit Congress from impairing the obligation of contracts, it has been held that Congress may not act directly and independently upon a specific contract to impair the obligation or rights thereof.

Everyone knows that. Obviously, with the oversight provision, we cannot tell what a future Congress would do, but we can only tell what we are doing now.

I put in \$1 billion to make sure that the present contract was lived up to, the

contract on this second year, duly entered into by the Postal Service and the bargaining unions, calls for an 8.3-percent increase. So someone could well argue, maybe in 4 or 5 years from now, Congress will only give Federal employees a 5-percent increase. What a Congress will do in the future is best told by what a Congress has done in the past. If this Congress acts on our substitute amendment we will be giving that 8.3-percent increase because we will be giving them \$1 billion in money to pay for it. The way to impair that obligation is not to give them any money. So if Congress does not give them any money, and the administration indicates they do not need any money, and they did not have it, the Postmaster General says, if he cannot borrow he is insolvent. Then how do they pay their contract? It is impaired. That is the way to impair it.

So let us get out of the fuzzy area talking around in a circle because we considered this, we talked to the attorney for the union, and we drew this substitute amendment with this particular thing in mind.

Mr. President, the chairman of the committee started talking about lackeys, and the fact that the Postmaster General did finally get in to talk to the President about this. The Senator will remember the eight times he called on the telephone and could not talk. But the chairman said the Postmaster General could talk to that President in the Oval Office, since he was not in the Cabinet, he was not a lackey. Ergo, Secretary Kissinger, the Secretary of State, must be a lackey, the Secretary of the Treasury, under the chairman's view, must be a lackey, or the Secretary of Commerce, Mr. Elliot Richardson, must be now a lackey.

I do not think Cabinet members are lackeys. I do not think by putting the Postmaster General as a Presidential appointment with confirmation by the Senate he becomes a lackey.

Mr. HUMPHREY. No; he becomes a Cabinet officer.

Mr. HOLLINGS. The fact is, when the Senator comes back—unless the Senator from Utah wants to answer for him—I have committee print No. 1, dated January 12, a bill introduced by Mr. McGEE, the chairman of the Committee on Post Office and Civil Service, which reads on page 14 at line 15:

"The chief executive officer of the Postal Service is the Postmaster General appointed by the President by and with the advice and consent of the Senate."

He provided for the same thing. But now, when we come to debate the amendment, he says he is a lackey and he should not be appointed. The chairman should see his original bill.

Now the Senator from Hawaii has left. I do not know whether we should have a

live quorum or not. I know that the Senator from Utah is not going to get into this. If he does, I would appreciate it, because the inference here is that what we have is a tricky amendment, that this is a big, mammoth organization. They have a \$14 billion budget and 672,000 employees and 1 percent mistakes in mis-sent letters, and we should not be excited.

I got into the business judgments, and I listed the problems of mail carriers and elimination of services. I had a study of how they handled their vehicles, and their falsification of records.

Does the Senate know what the Postmaster General did in November of 1974? He gave amnesty. No one else in Government has been able to give amnesty, but the Postmaster General had to do it because so many of his employees were falsifying too many records.

However, we went into all those things, and then the idea was put forth that we should not have this substitute amendment, because it is a little tricky thing, and we should get a blue ribbon commission and get us past the election and come back.

If I were chairman of the major committee and the chairman of the Subcommittee on Postal Operations put in a bill, as I did, S. 718, in February of last year, that called for measures like the House has voted upon; namely, the appointment of the Postmaster General, limits on borrowing, on annual authorization for public subsidy, the expediting of the ratemaking process—not the political appointment of postmasters, not getting into the ratemaking, just the expediting—I would give it a little consideration. Zilch. Zero. No hearing. Every time.

Suppose one is the chairman of a subcommittee in the U.S. Senate and that committee had not met in 5 years. He would have to explain that to the public, would he not? They are just finding out about it. The public does not realize it.

I began to resent the idea that we could not even have hearings on the bill. They do not give you the hearings, on the one hand, and on the other hand they say, "We have to have hearings. We don't want to do tricky things and everything else." They give you the double treatment.

Mr. HUMPHREY. The double whammy.

Mr. HOLLINGS. I have never seen such a thing. And they call me quicky and political. I do not come up for reelection until 1980. I do not need this for a headline. As a matter of fact, I would like to be giving out good government awards to the Postal Service for excellent service rather than billions for a deficit. It would please me no end if the Postal Service had been successful, if

it had worked out. There might be a few kinks here and there. But it is a disaster. Everybody knows that.

So we offer an amendment. The House acted, and when they acted, they did so in very deliberate fashion. They came over, and I counseled with some of my colleagues on the House Post Office Committee. Mr. ALEXANDER took the leadership, and there were Mr. WILSON, Mr. JENRETTE, and Ms. SCHROEDER. Four of them already said categorically that they are going to stand fast.

I met with the leadership over there. There is talk about a veto by the President. What worries me is a veto by the other body. On September 29, they passed this. Then the Senator from Wyoming introduced his bill as a substitute amendment for the House action. He does not want us to amend anything, but he wants to amend. He says: "Stick 'em up. Give me your money, and don't ask questions." That is all his amendment does.

After the House tried that last summer, on September 29, after a vote of 267 to 113, does the Senate know what the committee chairman did over there? He put the bill back in his committee and started lobbying. He called in all the unions, the Postal Service, the White House interest groups and everybody: Chicken Little, the sky is falling. Then he took the bill out and he got beaten again, on October 30. That is how deliberate it was. That was not a quickie. This House bill has been before us.

The Senator from Wyoming put in his bill in January. We have had 8 months to consider this. Instead of considering it, or anything like that, he spent all his time running around seeing fellow colleagues in the Senate, and said:

Don't do anything. It's a worked out bill. Anything else would be vetoed. We don't want to hear about any complaints. Get us past the election and we'll come back next year.

The Senator from Hawaii says:

That will be your headache, not mine, because I will be gone at that time.

He intimates that we might have to extend the time for the commission. But he will be gone.

Then he has the audacity to come here to talk about a political amendment and how political we are, how irresponsible we are, characterizing by way of a substitute the deliberate action by the House and the consideration of last year.

The House did have hearings; they had months of hearings. After their hearings, they had full debate, and they pulled the bill back into committee and then reworked the body and the membership, with all the lobbyists, and went

back on the floor again, and again they had a vote. This is the action taken which is being described as political, as a quickie, and as irresponsible.

They also stated here—and we will have to tie ourselves in our chairs—that to have this amendment now, with no hearings, gives us pause. This is a mammoth thing, to have a quickie amendment with no hearings. They are telling that to the gentleman who has been asking for hearings.

In 1971, they said:

Wait a minute. You're a new subcommittee chairman. Don't get all excited. Give the private corporation a chance.

So we finally got some hearings in 1972 or 1973, and we had 2 days with the Postmaster General. He was running around, trying to get the rugs on his floor and his new kitchen set and hiring top-flight personnel. All one needs to do is not listen to Senator McGEE or Senator HOLLINGS. All one is required to do in this debate is to get a copy of the annual report. It will show actually what this crowd did.

Look at the annual report. All one has to do is to look at the balance sheet on the back page. Everybody can read the annual report. I wish we had this year's annual report.

Here is big business going to get rid of all those politicians sitting around—Larry O'Brien and Marvin Watson and all those other politicians. So Kappel, the big telephone man from AT & T, was going to come in here and put in good business procedures. So they just took the 2,611 managers and increased that to 2,988 and increased their pay all over the lot. I am telling you right now, it was terrible. The Senator and I could not pay them politically, because they make more than Senators and we would not want to pay them that. We know that.

We got to the regional and other field units. They increased employees to 13,615 from 5,761. Can you imagine that? More than double.

The Postal Inspection Service staff doubled from 2,500 to 5,610. Then, they have eliminated 50,000 employees, the mail carriers, like a trucking service just doing away with the trucks. They got in a bunch of management consultants, supervisors, sales personnel, advertising executives, auditors, and accountants, we got in everything in the world except trucks. That costs us too much, to run trucks, so we get rid of the trucks. Here we get rid of the letter carriers.

Mr. HUMPHREY. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. HUMPHREY. This is about what happened with Amtrak and ConRail.

Mr. HOLLINGS. Exactly. And you

know what that railroad fellow did? He came in and bought himself a \$5,000 membership to Burning Tree Country Club. Then, since he was living in Washington, D.C., he said his \$63,000 salary was not enough; he had to embellish it with \$26,000 more. That is what they call railway service. One of the key words in Government today is "service." If you do not want to get service, call it a service, have it instituted, and take it out of politics.

Mr. HUMPHREY. That is right.

Mr. HOLLINGS. They will not even answer the phone. Does the Senator not know that postmasters in all States were not allowed to talk to us until this year? Does he not know it was against the rule to talk to a Senator? They had an unwritten rule. Talk about silence at West Point. Your postmaster could not talk to you. And they called that service.

Mr. HUMPHREY. I have had an opportunity to listen to the remarks of the Senator from South Carolina. Of course, those remarks are buttressed by my great respect for his sense of integrity and his knowledge of this matter. Without going into all the details, I just make one observation: When the Postal Service was established, it seemed that it was going to be the great new way of handling the postal needs of our people. There was all this hue and cry about getting the Post Office out of politics, that is true. And almost everybody was for the Postal Service. Now, after several years of this experience, I think one fact stands out: regardless of how bad the politics of the postal service may have been back in earlier days, they delivered the mail. What is more, they delivered it at a whole lot less cost.

The present Postal Service is really a nightmare of mismanagement. It just does not get the job done. Every Senator, if he is honest with himself, knows how long it takes to get a letter from his constituents here to Washington, D.C. We should reestablish the Pony Express. Really, they could run it, actually, with marathon runners. The Greek that ran from one place to another to tell that the Spartans were coming could have done it quicker than some of these present routes. This is regrettably, while humorous, a fact, a sad fact. But I do not believe the problems lie with postal employees.

Mr. HOLLINGS. It is a sad fact.

Mr. HUMPHREY. The amount of time to get a letter from Washington to New York is unbelievable. And they say they do it all by air mail. They must be flying it on the backs of wounded pigeons. What do they mean, air mail? It is just outrageous.

What is more, this business of trying to make the Postal Service a business

itself is ridiculous. First of all, if we really want rural free delivery, it cannot pay out. Second, if we want to give service to people in small towns, it cannot possibly be put on a profit basis and it ought not to be.

We do not run our universities for a profit. We do not run our public libraries for a profit. We run them as sources of information, as additions to our culture, as a way of communication, as a part of the commerce of the Nation. The Postal Service is supposed to be a service, just as the weather service is a service. It does not pay any profit. You do not call up the Weather Bureau on the telephone and ask: "What is the weather?" and have them say, "Well, it will cost you \$2 to get that information." What they will tell you is there is about a 20-percent chance it will rain or an 80-percent chance it will not. That way, they cannot be too wrong.

We used to get weather service that would say it will rain or it will not rain. Now, we have maybe a 20-percent chance it will rain, an 80-percent chance it will not. We do not know what the weather is going to be, either.

I am pointing out that the Postal Service is supposed to be a part of the educational, commercial, cultural life of this Nation.

I want to say something else to the Senator, if he will yield further. I wrote to the Postmaster General when they decided they were going to close all these post offices and suggested he take a look at the National Rural Development Act passed by Congress. I authored that act with Senator TALMADGE of Georgia. We held hearings all over the United States. That act requires that services of the Government in rural areas be commensurate with services in urban areas. If they are going to close the post office out in my town, then they are going to close it in Philadelphia. I wonder how they would like that.

Mr. HOLLINGS. Amen.

Mr. HUMPHREY. Or how would they like it to close up on Wall Street? There is no reason at all why we cannot have a decent postal service. Whatever reorganization it takes, we ought to have the courage to do it.

Frankly, a business of this scope, a service on the part of the Federal Government of this size, ought to be under the constant oversight operations of Congress. The best way to have accountability is to have the Postmaster General appointed by the President, confirmed by the Senate, and held accountable to the Congress of the United States. Then we would be able to call him on the telephone and say, "Hey, Mr. Postmaster General, the parcel post didn't get here."

That would shake him up a little bit. If we have a President who wants to improve the Postal Service, he will call him in and have some meetings. If we want better service, we shall get better service. But I do not understand this business of sanitizing everything so we cannot touch it. We have all kinds of people in the Government who say, "You must not bring any political pressure to bear." Well, I say if the people of Minnesota need or want something, I shall bring political pressure to bear if I have to get a club. That is what they want. That is what they sent me down here for.

I have had people in Government agencies say, "Well, now, we don't want any pressure." I say, "What do you mean, you don't want any pressure?" When a farmer out in my State needs a loan from the Farmer's Home Administration, I want some action. I was sent down here to do something for the people I represent.

One of the simplest things we always thought was needed was postal service. Good heavens, the United States of America ought at least to have something to represent the Government in every community in this country.

I guarantee one thing: The same government that wants to close the post offices likes to have the income tax. Well, they are picking up the tax. The post office is a symbol they would like to have in these little towns. They have the United States flag out there in front of the post office. I hope they have not cut that out.

They have a sign on the door that says, "U.S. Government Post Office." What we have now are a lot of high-minders that are going to bring corporate efficiency. Let me tell the Senator something: If we get enough corporate efficiency, we shall have about four companies running the country. Corporate efficiency is one thing. A corporation is supposed to make a profit for its stockholders. We in Congress are supposed to see that those who make that profit do not fleece the public. That is our job. If there is a Government corporation that is trying to make a profit for the Government of the United States, my job is to represent the people of the United States and to see that the people get service, that they get a warranty that their letters are going to be delivered.

The Postal Service is pricing itself out of the market, and it is giving poor service. It has reduced the number of employees that do the job of delivering the mail and, as the Senator has pointed out very well, they have taken care of the people at the top.

Mr. HOLLINGS. Yes.

Mr. HUMPHREY. We have an administrative structure over there that is over-

hanging the whole operation. I want to thank my distinguished colleague, Senator HOLLINGS, for bringing these matters up in the manner he has done, because this positive debate is long overdue.

Mr. HOLLINGS. I thank my friend. I am obviously delighted, not just because he has thanked me but because of his grasp of what he said with respect to the fundamental power of the Congress of the United States. The first department of this Government of ours was the Post Office Department. We instituted, in a county in West Virginia, where the postmaster happened to be Mr. Wilson and he instituted rural free delivery.

I never was more impressed—obviously, I have small areas in my own State, small post offices. But I went up to Alaska to look at the Big Inch, the big pipeline from Prudhoe to Valdez and coming across the Yukon. We were going up on oil hearings, coastal zone management, and other things, and had hearings at Fort Wainwright, Etelson, and Elmen-dorf. I had a hearing that I did not plan on. Everywhere I went, we would stop so they could meet the Senators. There were five of us visiting. Somebody would seek me out and say, "Senator, I hear you are trying to keep our post office open here at Windy Cove," a little place in Alaska. That was the center of the community activity. There were outposts that had fishermen, some even had farming up in that area, logging interests, and what have you. "Please keep our little post office going."

The United States is still a pioneer country.

Now, they have got a bunch of crazies running around here with their computers. I ran into one in Charlotte, N.C. He was a former letter official way down the line, and now they have found something for him to do.

He was coming from Savannah to Charlotte by way of Columbia, and what he was to do was to follow a person who was mailing a letter in Savannah, and the mail going through Columbia, S.C., and then go up and discuss it in Charlotte, and put the information into the computer and then spit it out in Winnsboro, S.C. That is just what the fellow would be doing the week before last.

Mr. HUMPHREY. I will be back.

Mr. HOLLINGS. Please come back.

What we have done is to say that 5 percent of the majority of Americans have flown in airplanes. Well, 95 percent still depend on the penny postcard, what used to be a penny postcard, and the little old letter that used to be 8 cents when we had politics in it, and it has gone up to 13 cents, and you cannot get it delivered. It only gets lost for you now.

You cannot go on Saturday and get to the window to get stamps or anything

else because they slammed that in your face. If it is a package they will grind it up and spit it out, and put it in a corner.

I see my distinguished friend from Arkansas has arrived. I emphasize, since we are being condemned for quickie amendments, the fact of the matter is that the distinguished Congressman, Mr. ALEXANDER of Arkansas, after 6 months of hearings—this bill started as H.R. 2445, Mr. HANLEY's bill, in January of 1975, and then after 6 months of hearings they reported out in July H.R. 8603, debated it in September, and on September 29, when they adopted the Alexander amendment, they put it back into committee to get it lobbied and get it beaten. They worked it all over with unions and all the other people, the postmasters, the letter carriers, the administration, saying, "You have got to do it our way or no other way."

They took it back out, and Congress, the House of Representatives, spoke very deliberately and positively one more time to have that Postmaster General appointed and confirmed by the Senate, and have the annual review. That is the distinguished Congressman from Arkansas, and he worked on it deliberately. It was not any quickie thing.

The Senator touched on the matter of the confidence, and I think that is why Jimmy Carter is the nominee of our party. He is out there talking sense and he is trying to give the people a feeling of trust that they can get something done. His strong statement is "You can depend on it."

Well, everything, when you look at Washington, look at the rail service, you cannot depend on that. When you look at the Postal Service, you cannot depend on that. Have a look at the results of the Pentagon, and you can argue it all the way around, and Vietnam and everything else, seemingly they say the greatest, primary function of national defense, and you cannot depend on that.

Every time you get to the Secretary of State, well, you cannot find him, it is a secret, for one thing. But much less depends upon him. They finally sneaked him in the last day. I was rather amused with that last week. Here is the poor fellow in such disrepute that he is trying to play catchup football and say nice things to you and nice things to me. But on foreign policy you cannot depend on that. If it had not been for Congress, we would be in another Vietnam in Angola.

In every division, every institution of government, you cannot depend on it. But the nominee now comes and says you can depend on it, and they believe him. They think he is sincere.

When we take this little matter of the Postal Service up, it is simply a proposition of taking up a distasteful task. It is not a happy thing. There will be a lot of hearings, that constant oversight, and you emphasize the word "constant." There is going to be a lot of work, a lot of listening, and a lot of support for that Postmaster General that he does not have now because he is operating all by himself. The Postmaster is disallowed from communicating, or he was, until this year. We could not talk to him, could not have a hearing. The Postal Operations Subcommittee could not meet for 5 years to have him over and get general

oversight. So what have you done? You have a void on it, you cannot depend on it, you cannot get your hands on it. That is what the people of America are asking.

Mr. HUMPHREY. May I say to the Senator that the one thing we in Government ought to be able to assure the public is a reliable Postal Service, an efficient Postal Service.

It is not like the questions of developing the atom bomb or the supersonic transport or the space program, and so forth. This is something we have known how to do since Day 1 of this Republic, and the Postal Service has been as much a part of the services of the Government of the United States, and the lines of the people of the United States, as water is to a field in agriculture. It has been part of our national life. It has been absolutely essential.

I come from a family of small business people. I wonder if the Senators here recognize what is happening to the little independent merchant out there—and many of them are not so little. They are so vital to this country. When they want to send out a bulletin to advertise their business or their commodities, they are priced right out, may I say to the Senator. As a matter of fact, it is almost impossible for the hundreds of thousands of smalltown merchants who still represent a tremendous amount of the total gross national product of this country, because they are priced right out of it.

They cannot pass all the costs along. A big corporation can take its postal account, whatever it is, and just build it into the cost and pass it on to the consumer. But you are sitting out there and you are one of five or six supermarkets or one of five or six drugstores or hardware stores out there in a small town, and you cannot pass the increased cost on. You are stuck with it.

I can tell you that to send out the kinds of circulars and ads that we used to be able to mail—that was a part of a contact of a merchant with his constituency or his customers—today is impossible.

First of all, even if you can pay for it, it is impossible. Second, it is uneconomic because you cannot possibly justify the cost of advertising; and, third, the mail service is so bad that the sale is apt to be over before the folder gets where it is going. Believe me, I know of what I speak.

Now, to go back to what the Senator is saying, one of the duties of Government is accountability. We are elected, and whether the Postmaster General is in the Cabinet or whether he is Presidentially appointed and confirmed by the Senate, the simple fact is that every Member of Congress is held accountable for the Postal Service. If you do not think so, go on home and talk to the people. They do not understand all this business Congress has done about setting up a quasi-public or private corporation that has the U.S. Government label on it, but which is not the Government, and so forth. They do not understand that at all. What they know is that the mail did not get there. What they know is it cost 13 cents to send a letter to your mother, and more to come.

And there are just a lot of things we have got to get into that are just not working. Plain commonsense is needed.

If Congress could lay down a mandate saying to the business people of America that the Postal Service will give prompt service, you would get your postal business back. The reason people are leaving the Postal Service, the reason they are going to United Parcel Service and all these other services—and I am not opposed to there being competition—is very simple: the private service gets the job done.

Mr. HOLLINGS. Exactly.

Mr. HUMPHREY. But we are held accountable for a public service that does not get the job done. All we are asked to do is to appropriate money now.

Mr. HOLLINGS. Give them the money and do not ask questions, just like highway robbery. They want \$500 million this year out of the Congress, but do not ask a question because asking a question would be irresponsible, using their words, it would be a quickie.

Mr. HUMPHREY. The same sort of thing has happened in the railroad situation. They come in here and have a scoop-shovel, and they say "Fill it up and give us billions of dollars." They run the railroads, and then they come back and say, "We are sorry, we are \$1 billion short."

Mr. HOLLINGS. That is right.

Mr. HUMPHREY. That is justified by saying that is the way business is. It is not that way at all.

In the meantime, we are held accountable. I am saying to Members of Congress simply that whether we like it or not the public thinks we are the ones who made

this mess and we have not got the courage or the willingness to do something about this situation, and we are being held accountable.

I want the accountability to be shared. I want that accountability to be in the administration as well as in the Congress.

I think that if some of the Senator's proposals are given favorable consideration, we will have an improved service. This is not to select out whoever is the head of the Postal Service at the present time. The gentleman who heads the Postal Service, Mr. Bailar—

Mr. HOLLINGS. That is right, Mr. Bailar.

Mr. HUMPHREY. I have had a chance to visit with him. He has been over to see me. I know he works hard. I know he wants to do his job. The simple fact is, however, that it is not working, and we have to make a change.

I predict that the next President of the United States will be asking for change because we have to have something better than we currently have.

Mr. HOLLINGS. That is right. I think it really is a shame to come after 6 years and actually say that we should do nothing.

We are not asking anything dramatic. We are giving them money in a deliberate fashion. We can start hearings this year and get ready for next year. The Postmaster General can come in with a report. We can take all the GAO reports, start oversight and get to work. We can start that at least in the month of September before we recess. The staffs can be working all fall. The House committee staff is going to be working in October, November, and December. They are going to be getting this information together and get in the support for the Postmaster General.

I understand that my time is about to run out.

In fairness to another group, I shall put their letter in the RECORD. I did not ask for this letter, but this has to do with my quoting yesterday the National Association of Postmasters of the United States and the National League of Postmasters of the United States before the Senate Post Office and Civil Service Committee, April 20, 1976, and these gentlemen said:

Following this reasoning, we support efforts to return the power of appointment of the Postmaster General and the Deputy Postmaster General to the President and confirmation authority to the Senate. We have every hope this Senate committee will make the needed effort to secure a suitable level of funding from the Congress for a 2-year period while public service aspects are being studied. We would anticipate these funds would be subject to congressional oversight. We believe sufficient time has elapsed in the

experiment of a break-even philosophy for the agency responsible for the delivery of the mail. We submit that a more responsive postal system will evolve if the Postal Service is required to submit budget proposals to the Congress.

They say now that some of them have changed their minds because of the threatened veto. We had the Randolph amendment. I asked now and they said that perhaps the deal is off because the Postmaster General said he cannot live with that, so we really ought not bother.

I do not bother about vetoes anyhow. I have to vote my conscience, and the Senator has to vote his conscience, regardless of what the President will do.

I do not want to go back home and say, "Jerry Ford made me vote this way." They would say, "Boy, if you are that immature, we'll send somebody up there that can think for himself and represent his people, not Jerry Ford." That is exactly what they would tell me.

But here is a letter as of this morning:

DEAR SENATOR HOLLINGS: As National President of the National League of Postmasters, I feel it incumbent on me to correct a misstatement made during colloquy on the Senate floor on yesterday, August 23, 1976.

The error was made by Senator McGEE during discussions on the Substitute Bill offered by you and supported by a number of other Senators. It was stated that the National Association of Postmasters represented 91 percent of the nation's Postmasters and that the National League of Postmasters represented a mere 9 percent.

To correct the record of proceeding, I call to your attention the fact that the National League of Postmasters vigorously represent not 9 percent but, approximately 60 percent of the nations Postmasters. I am sorry that I can not attest to the numbers claimed by the other organization, since a large number belong to both Postmaster organizations.

The three more prominent speakers on the postal matter considered on yesterday was Senator McGEE of Wyoming, which has 167 Post Offices—we have 49 members in that state; yourself from South Carolina which has 391 Post Offices—we have 296 members in that state; and Senator RANDOLPH of West

Virginia which has 1008 Post offices—we have 926 members in West Virginia.

I am beginning to wonder how Senator RANDOLPH got that many post offices there.

I am quoting further:

I would hope that you would correct the record to reflect our membership totals. Let me also take the opportunity, on behalf of the National Executive Board and our nearly 20,000 members, to repledge our support to your efforts to resolve the postal mess in a manner that addresses itself to the needs of the Citizens of this nation. Your fight to restore integrity and confidence in our postal system is not going unnoticed by this nation's Postmasters.

Again, we pledge the support of our great organization to you and others as you at-

tempt to correct, not compound, the postal problems of our nation.

With highest regards,
KENNETH H. JENNINGS,
President, National League of Postmasters.

I think that takes care of the bill of particulars.

I retain the remainder of my time.

Mr. FORD. Mr. President, will the Senator yield me 30 seconds?

Mr. HOLLINGS. I yield.

Mr. FORD. Just 30 seconds.

Mr. HOLLINGS. I yield to the Senator from Kentucky.

Mr. FORD. Mr. President, I want to raise my voice in support of the Senator from South Carolina.

Mr. President, once again the Congress has been confronted with the necessity of bailing the U.S. Postal Service out of its latest financial crisis. As we consider what course of action to take, I want to remind my colleagues of a small but important group that will be greatly affected by our actions—the small daily and weekly newspapers of this land.

Rising postal rates have had a disrupting impact on Americans of all walks of life, but nowhere has this impact been greater than on the publishing field. The larger newspaper and magazine enterprises, because of their volume and diversity, are better able to cope with the new and additional mailing costs than the smaller operations who now find their very existence threatened.

In Kentucky alone, more than 160 small daily and weekly operations are dependent on the mails to deliver the paper to subscribers.

We are witnessing a trend among the larger metropolitan papers to devote less space to coverage of news in small towns and rural areas. For many papers, this is a matter of simple economics.

Yet, as this occurs, a greater responsibility falls on the small daily and weekly papers—the community press—to transmit the news of local events.

Those of us with roots in small or rural areas have strong feelings about the community press and recognize how a small daily or weekly paper can serve to tie together the various elements of a community.

That is why I am disturbed about the impact and implications of yet another hike in postal rates.

In recent weeks, I have received a considerable amount of mail from the publishers and editors of Kentucky's community press, many of them still family owned and operated. These letters spell

out the many pressing problems which have been left for them to shoulder as a result of an unstable Postal Service.

In the first 6 months of 1976, it has not been unusual for postage expenses

to increase between 30 to 50 percent over the first half of last year. These added costs of production are, of course, shared by the subscribers, and it is the very real fear of those editors and publishers, that the cost of subscribing to their papers might soon become prohibitive.

I, for one, hope that day never comes.

I cannot imagine it being the intent of our Founding Fathers, who went to such great lengths to insure a free and strong press, to see a time when the citizens of this land could not afford the costs incurred in the dissemination of news.

I strongly support a moratorium on postal rate increases as well as a moratorium on the closing of small post offices.

I urge my colleagues to keep these thoughts in mind as we deliberate what needs to be done in order to restore order and stability to our Postal Service, while at the same time preserving the health and well-being of this essential part of American life—the community press.

I thank the Senator from South Carolina.

The PRESIDING OFFICER. Who yields time?

Mr. MOSS. I yield to the Senator from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. FONG. Mr. President, the distinguished Senator from South Carolina stated that we are now \$5 billion in deficit.

If he will look at the bill which was passed in 1970, the Postal Reorganization Act, we did anticipate that the Post Office would have to borrow money.

We provided that the post office could borrow up to \$10 billion. One billion five hundred million dollars for capital improvements and \$500 million for operating expense each year.

I will read the pertinent section, section 2005, paragraph (a):

The Postal Service is authorized to borrow money and to issue and sell such obligations as it determines necessary to carry out the purpose of this title.

The aggregate amount of any such obligations outstanding at any one time shall not exceed \$10 billion.

This is law. This was approved when we enacted the bill for the U.S. Postal Service in 1970.

We anticipated the Postal Service's needs to borrow because at that time it was anticipated that the Postal Service had to borrow approximately \$6 to \$7 billion for capital improvement since the Congress was unwilling throughout the years to give it the amount of money to rehabilitate its post office, to buy machinery, and do all the things necessary to have a first-class post office.

So here, under section 2005, we gave the post office the power to borrow each

year not exceeding \$2 billion—\$1.5 billion for capital improvements and \$500 million for operating expenses.

They have been in operation for 6 years. If the Postal Service wanted to borrow money up to the limit that it was authorized to borrow, it could borrow up to \$10 billion. Six times \$1.5 billion is \$9 billion, which would be for capital improvements. Six times \$500 million is \$3 billion. Of course, that would be \$12.5 billion which would exceed the \$10 billion limit. But it could, if it wanted to, borrow up to \$3 billion today, and borrow that for operating expenses, and the balance, \$7 billion, for capital improvements.

It has not done so. As of June 30, 1976, the Postal Service had borrowed \$1.5 billion for operating expenses, whereas it could have borrowed up to \$3 billion.

As of June 30, 1976, it borrowed \$1.5 billion for capital improvements. It could have borrowed five times \$1.5, or \$7.5 billion.

So to all of this talk about the post office going broke, that the post office has borrowed too much money, I want to call to the attention of my colleagues that we did anticipate that the post office would have to borrow money and, therefore, following that, it has borrowed, but it has not borrowed to the extent authorized. It could have borrowed, as I said, up to \$10 billion, but it has not done so. As of June 30, 1976, it has borrowed only \$3 billion. It has \$7 billion more in borrowing authority.

It is anticipated that it will need, and this has been verified by the distinguished Senator from South Carolina, \$125 million more for the transitional period of July, August, and September, and another \$500 million in fiscal 1977, from October 1, 1976, to September 30, 1977, giving it a total of \$2.2 billion at the end of fiscal 1977.

For capital expenditures it is anticipated it will have to borrow \$375 million for the transitional quarter of July, August, and September 1976. And then borrow another \$1 billion for fiscal 1977. That is, up to September 30, 1977. That gives it \$2,875,000,000 borrowed and it will be returning \$67 million. So it will be borrowing, up to September 30, 1977, \$2,808,000,000.

Because it has borrowed this money, the distinguished Senator from South Carolina has made a big fuss over it, saying that they have not carried on the functions of the post office in an efficient manner.

Yes, there is evidence of consulting fees being high; there is evidence that there have been no competitive bids; there is evidence that costs and billings may be excessive. But when we look at the figures from the overall figure, we

see that \$1,400,000,000 was short-changed the Post Office Department from its operating cost because the Rate Commission took so long in putting into effect the rate asked. The operating loss would have only been \$100 million instead of \$1.5 billion. If we look at it from the standpoint of having lost only \$100 million, when it was authorized by the Congress to borrow up to \$500 million a year, I would say it has not done poorly.

The distinguished Senator from Minnesota in his colloquy with the distinguished Senator from South Carolina said that it costs 13 cents to send a letter to his mother. He seemed to berate the fact that this is a very costly expenditure on his part, to send a letter to his mother. Then he talks about a small businessman in his State who wants to send out bulletins or pamphlets so that he could increase his business. He cannot take it out of the business because he is a small businessman, and there is the fact that he would have to pay 13 cents for a first-class letter.

When we look at the developed countries in the world, Mr. President, we will find that there is only one nation in the world, and that is Canada, with a lower first-class rate than the United States. Canada, I believe, has a 10 cent rate for first-class letters. The rate in the United States is 13 cents for a first-class letter.

Let us look at other developed countries in the world and see the cost of sending a first-class letter. They can come to the conclusion as to whether 13 cents for a first-class letter is high.

To send a first-class letter in Australia costs 22.9 cents, not 13 cents. That is almost 10 cents more than the United States. It is 16.7 cents in Belgium, 3.7 cents more than a first-class letter sent in the United States. It is 18 cents in France, 5 cents more than the postage of the United States. It is 16.6 cents in Japan, and I understand that is going up. Even at 16.6 cents it is 3.6 cents more than the charge for a first-class letter sent in the United States. It is 20.7 cents in the Netherlands, 7.7 cents more than a letter sent in the United States. It is 23 cents in Sweden, 10 cents more to send a first-class letter than in the United States. It is 15.5 cents in Switzerland, 2.5 cents more than in the United States. It is 17.3 cents in the United Kingdom, 4.3 cents more than in the United States. It is 19.5 cents in West Germany, which is 6.5 cents more than that in the United States.

The price of postage in most other countries takes a far greater share of the individual's income. For example, in the United States, the average worker must spend 1 minute 22 seconds to pay for a letter while in Japan, it is 3 minutes 50 seconds. The average American

works 1 minute 22 seconds to pay for the 13 cents for which the Japanese worker will have to work 3 minutes 50 seconds.

When they say that the postage being charged for sending mail through the post office in the United States is exorbitant, those who say that do not know what is being charged in the other countries in the world.

If they want cheaper postage rates, they can go to Canada and save 3 cents, or they can go to the Soviet Union. Those are the only two countries that I know of which have a lower rate, which have an economy comparable to that of the United States.

So the 13 cents per letter which is now being charged is not an exorbitant cost to the mailer in the United States. But because it has risen to 13 cents, many of those who do not know the comparable figures for other countries complain loudly that this is an exorbitant amount. I do not know whether they want the post office to be wholly subsidized by the people of the United

States. But when we enacted the Postal Reorganization Act in 1970, we said that it would pay its way.

It has not been able to pay its way because of the inflationary costs, because of the increase in labor costs, because of the lateness of the increase in postal rates—those are the reasons why we are now faced with a deficit.

The deficit of \$1.5 billion up to June 30, 1976, is actually a deficit caused by a late finding by the Postal Rate Commission, which would have given the Postal Service an additional \$1.4 billion in revenue had it acted immediately after the request was made.

Of course, we cannot blame the Postal Rate Commission, because it was a new thing; it had to study all the facts, and studying the facts took a lot of time. The first rate decision came out 23 months after it was requested. The second rate decision came out 17 months after it was requested, and the third rate decision came out in about 10 months. So we can see that the ratemaking procedure now is getting quicker.

All in all, if we look at the Postal Service in the light of the amount of mail that is being sent through the post offices—approximately 90 billion pieces—we can see how easily there can be a hue and cry in the community that some of the mail is slow in coming, and some of the packages are broken; because if we had only a 1-percent slowness of the mail, we would have 900 million pieces that would be slow. If we had 5 percent of the mail going through the post office being misdirected or delayed, we would have almost 5 billion pieces of mail, and that certainly would raise a hue and cry in the country.

But what has the Postal Service done? Since its inception, from 1970, it has decreased its number of employees by 65,000. It has closed post offices—naturally this is where the hue and cry is coming from. Some postmasters do not like that. People who work in the post office do not like it. It has consolidated other post offices; and certainly people do not want to move from where they are living to another post office in another community, and they hang on the lapels of their Congressmen and beseech their Senators, and tell them of their anguish, and that they do not like what is going on in the Postal Service.

But when you consider the closing of 1,300 post offices by consolidation or by elimination, 1,300 post offices since 1971 either by consolidation or by elimination, and the reduction in forces of 65,000 in the Postal Service, and that if they had not mechanized, we would have had to have those 65,000 more people, which has resulted in a saving of approximately \$600 million a year, the Postal Service, by doing that, in the last 6 years has saved \$3.6 billion.

I am not saying that everything is good in the Postal Service. Surely, we have torn packages. Surely, we have misdirected mail. Surely, we have mails that have not been delivered. Surely, there have been contracts given out which have not been competitive. Surely, we have had buildings built which probably have been far in excess of what should

have been built. Surely, we have excess space which could be rented out.

But if you look at the whole picture, a corporation that deals with figures of \$15 billion a year, with 675,000 employees—whereas there were 730,000 employees before, it now has been reduced by 65,000 to 675,000 employees—with all of the responsibility of trying to give most of the mail 1 day delivery, some mail 2 days delivery, and some mail 3 days delivery—and there is a schedule here that the Postal Service has tried to follow, which we feel is a reasonable schedule—and that it has lived up to 90 to 95 percent of its schedule, that may not be the maximum or the ultimate in Postal Service efficiency, but I say when you look at the whole picture, where they have saved so much money and they have reduced their number of employees, whereas they would have had to increase the number of employees otherwise, when they are beginning a new type of service, with a new method of delivering the mail by having bulk mail centers where they try to handle the mail by automation, there are bound to be errors, and I say that if we have a 5-percent error in anything we do, we are doing pretty well.

So all this fuss about the Postal Serv-

ice not being efficient, by people who say they know persons whose mail has been late, that they know that mail which has been carried by aircraft did not reach its destination in time—certainly there are these complaints, but I say that when you look at the whole picture, I would say the Postal Service has done a fair job.

This Postal Service has been in operation for only 6 years. When you consider it is a corporation that deals with \$15 billion a year in revenues and expenditures, you are dealing with a very, very large corporation, one of the biggest in America. The complexity of running the Postal Service, of trying to give everyone fast and efficient service, of taking care of the rural communities as well as the metropolitan areas, of seeing that service is not being curtailed, and the fact that every time you do something you have the people in Congress watching, jumping at you, and saying that you have not done the right thing, all in all, I would say, the Postal Service has done a fair job.

Certainly it could be improved, and I do hope that it will be improved. I think the colloquy and discussion that we had will be very conducive to the improvement of the Service, because the managers of the Postal Service will know what the criticism is, and I know they will look into these criticisms and see what can be done.

I, for one, would like to see the Postal Service continued as it is. Give it some time; in time it will work out its deficiencies. But do not say, "Let us drop the whole thing, because here we have a consulting contract that should have been for less money," or "Drop the whole thing because here we have a few more people in the administrative end."

To run an efficient business you must have efficient administrators and if your administrators are not efficient at the top, if they are not able to give you a good system, you will not be able to run an efficient service.

I do not know why the administrative force has been increased, but I think it is because of that. And as a businessman I know that you have to have good men at the top to really direct the operations of the business.

Just because they build a building which is in excess of what they feel that it should be is no reason to throw the whole postal system out. It is like saying here is a baby who has a cold, has a running nose, and has a little itch. Let us throw the whole baby out. You cannot do that. We just take care of the things as we see it. If the baby has a cold, let us see the doctor and see what we can do to prescribe medication for the cold. If the baby has a little itch, let us put a little salve on him. Let us see what we can do to put this baby in good health.

I do not say this post office is in very good health. I say it is in fair health. It has done what it was supposed to do.

We have given it the right to borrow \$10 billion. I think it will borrow approximately \$5 billion up to September 30, 1977. It has not gone to the \$10 billion we anticipated, and I think that it should be given a fair chance to exist.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, what is the time situation that remains?

The PRESIDING OFFICER. The Senator from South Carolina has 10 minutes remaining, and the Senator from Wyoming has 28 minutes remaining.

Mr. McGEE. If it is agreeable with my colleague from South Carolina I shall proceed for a few minutes.

Mr. HOLLINGS. I appreciate it.

Mr. McGEE. I have the time here.

Mr. FONG. Before the chairman begins, may I ask him a question?

Mr. McGEE. Yes.

Mr. FONG. The GAO has made many reports on the Post Office. It has made approximately 140; is that correct?

Mr. McGEE. That is correct, usually at the request of individual Members of Congress one way or another.

Mr. FONG. And they have found some of these discrepancies and some of these shortcomings; is that correct?

Mr. McGEE. That is correct.

Mr. FONG. What was the final conclusion of the GAO? Did it say that the Postal Service needs financial help?

Mr. McGEE. They indeed did say that they needed financial assistance.

Mr. FONG. This is what we have in the bill.

Mr. McGEE. That is in the bill.

Mr. FONG. Did the GAO say that the post office should continue the Postal Service as it is?

Mr. McGEE. As a matter of fact their words were that the reorganized structure was indeed on track and, to quote them, there was nothing basic in the structure of the reorganized post office to spell its doom, that there were many quirks and curves in its course that still needed to be tightened up, and God knows we all are aware of that, but they said do not throw out the baby with the bath.

Mr. FONG. So the General Accounting Office after 140 reports, after looking into this post office as it has by so many years of study and inquiry, has come up with a report that we should keep it; is that correct?

Mr. McGEE. That we do not throw it out.

Mr. FONG. We do not throw it out.

Mr. McGEE. Or put it away. There is room for improvement.

Mr. FONG. Yes.

Mr. McGEE. But let us not disturb its basic infrastructure that seems

to be on the right track according to their evaluation.

Mr. FONG. And this bill keeps it.

Mr. McGEE. This bill seeks to do that, at least until next spring at which time we shall have a report from the commission and at which moment any proposals, including those from my colleague from South Carolina, my colleague from South Dakota, or our colleagues from any place, all should be put into the mill, hearings should be held on them, an examination and a correlation of them should be undertaken, and then we will decide, in the judgment of Congress, what is the wise way to proceed.

Mr. FONG. As I understand the General Accounting Office also endorses the idea of this postal commission.

Mr. McGEE. They thought the commission was a good idea for again a specific reason. The commission originally was conceived as a group to assess what the public interest factor is and the GAO had a look at that, had run it through their computers and their studies, but they felt that their studies left out the human factor and the political factor and that only Members of Congress could best judge that one; that is, what the public interest ingredient ought to be in the postal budget, and that also ought to be the point of very intensive hearings in order to make a good judgment on it. I think there ought to be rather substantial public service subsidies in it, but that is only my point of view. We have to have an indepth study on this one that the GAO pulled back from because theirs was mechanistic rather than injecting the political-human factor.

Mr. FONG. So the three recommendations made by the General Accounting Office, after all of its studies, are those embodied in the bill which we have before us?

Mr. McGEE. That is correct.

Mr. FONG. We have followed the recommendations of the GAO.

Mr. McGEE. And we have interpreted those recommendations as sustaining where we are as the lesser of the evil options that may confront us and in order to permit us to take the next steps wisely. There is the recommendation that we then have a moratorium and a commission study, because until we get out of the throes of politics of a Presidential election year, no one has full time to devote to this. This will enable us then to ask the right questions in the right depth in an attempt to arrive at wise recommendations next spring.

Mr. FONG. Since we do not have the time to really investigate and study the

problem, the General Accounting Office, after making 140 reports, after all these years of investigating and inquiry, is the best agency to really come out with a recommendation.

Mr. McGEE. It is the investigative arm of Congress; in other words, it is our baby, and we have reason to believe that they have done a very credible job in trying to assess this forthrightly.

Mr. FONG. I believe that the General Accounting Office has done a credible job and that its recommendations are good recommendations, and we have embodied these three recommendations in the bill before us.

Mr. McGEE. They are all in the bill, and it is the only way we are going to be able to move ahead. Otherwise, we will move backwards and introduce chaos.

Mr. FONG. When we passed this bill in 1970 we did anticipate that the Postal Service would have to borrow money.

Mr. McGEE. We anticipated that they not only would have to borrow money but that we would have a great many headaches along the way, because they had to undo a lot of things from a kind of a jumbled past in an attempt to bring order out of the hodgepodge that was the old Postal Service.

Mr. FONG. Then we stated in the bill, which we passed in 1970, that the Post Office could borrow up to \$10 billion.

Mr. McGEE. \$10 billion, that is right.

Mr. FONG. We anticipated it needed that money?

Mr. McGEE. That is for capital investment.

Mr. FONG. Capital and operating expenses.

Mr. McGEE. Right.

Mr. FONG. The Postal Service could borrow up to \$2 billion a year.

Mr. McGEE. Right.

Mr. FONG. \$1.5 billion for capital expenditures and \$500 million for operating expenses.

Mr. McGEE. Right.

Mr. FONG. Six years have passed; is that correct?

Mr. McGEE. That is correct.

Mr. FONG. Six years have passed. So if the Postal Service wanted to go out, it could have borrowed \$10 billion.

Mr. McGEE. All \$10 billion.

Mr. FONG. All of the \$10 billion. But it has not borrowed all of the \$10 billion. As of September 30, 1977, they would have borrowed approximately \$5 billion.

Mr. McGEE. Right.

Mr. FONG. That is correct. That is about one-half of what we had told them they could borrow.

Mr. McGEE. The Senator is absolutely correct.

Mr. FONG. I thank my distinguished

chairman.

Mr. McGEE. Mr. President, I am in receipt of a letter from the Postmaster General of the United States, and I want to make that letter in its entirety part of the Record, but I want to select from it its key points. He says:

DEAR MR. CHAIRMAN: As the Senate continues its consideration of H.R. 8603 today, I want to share with you some of my thoughts regarding the legislation. . . .

The four goals that the Postal Service was established to attain were:

And these are quotes now out of the act.

One, to provide uniform, quality mail service to all Americans.

Two, to charge fair and reasonable rates.

Three, to provide wages, benefits and physical working conditions for postal employees comparable to those in the private sector.

Four, to achieve financial self-sufficiency.

The evaluation that has been run on the Postal Service by investigative groups, added to the contracted evaluations that have been undertaken, lead him to these conclusions.

Service is the first attainment:

According to every objective standard available to us, service today is better than at any point in the last five years.

It represents a constant, go slow up-grading. This is because of the complications of taking over and changing over a very complex system.

Second, fair and reasonable rates: While we acknowledge the obvious fact that postal rates have increased, everything has increased because of the inflationary impulse of our times—double-digit inflation much of that time. Compared with the other developed countries of the world, as my colleague explained a few moments ago, ours is the lowest first class mail rate in the Western World, with the exception of Canada, where it is now going up to 10 cents, compared to our 13 cents, but they will deliver it in Canada when they are not on strike, and that is a big if.

The average among the Western nations is 21.5 cents for first-class mail. The GAO's conclusion on this, he points out, was that 13 cents, much as it was a sharp jump, is still one of the better bargains at loose in our society.

The third objective of the Postal Service is comparable wages, benefits, and working conditions. This goal has been attained. Those who are the beneficiaries of the attainment of those goals now have expressed their organized misgivings about slipping back into yesteryear, and that is why the organizations that must work within the midst of this system, upon whose shoulders falls the responsibility for the success of the system, support this proposal. Eighty-five

percent of the budget of the Postal Service is worker oriented because of the very personal nature of the kind of service that is required. It is these groups which say that we must accept the compromise that is pending today. They are on the record, virtually without exception, saying that they have to oppose the Hollings amendment. That is the essence of the third attainable proposal in the mandate to the postal system as envisaged by the Postmaster General.

Fourth is financial self-sufficiency. This is the major goal around which centers more failure than anything else, but those failures have to do with the inflationary process, with the very slow rate-making machinery that would have made it possible to balance that budget in 2 of the last 5 years had the rate increases been allowed within a reasonable period of time.

Finally, the ultimate assessment, as the Postmaster General says, is that no matter what changes in the law may be made, hard decisions also must be made along with that. The choices are difficult, at the very best. The Postal Reorganization Act, which set forth these laudable objectives, is indeed being lived up to, and its ultimate objectives are in sight.

The Postmaster General concludes:

I urge you and your colleagues not to undo the work of the last five years and to give postal reform a full chance to prove itself by enacting H.R. 8603 without substantive amendment.

I again point out to Senators where this matter stands now. We have had repeated quotations from almost every relevant group interested in postal service saying that they supported something else. Of course they did. I supported something else, because we were groping for a meaningful way to move ahead.

But now we have come up against the prospect of an impasse—namely, a veto—if there are substantive structural changes in the bill. For that reason, there has been a change in the point of view, an adjustment in the point of view, of the related postal groups that are involved in the process of trying to make the system work.

While other citations have been made, we have double checked, and I will read into the record now the support for the compromise measure, what the Senator from South Carolina calls the McGee bill. It is the McGee bill only because we tried to hammer together what we could get from all sides, what would be attainable, and what would hold the postal system together.

First, I have a letter hand-delivered to me from the National Rural Letter Car-

riers. They were represented yesterday by the Senator from South Carolina as opposing this proposal and favoring his approach. It is signed by their president, Lester Miller. They want the record to show that they are totally in support of the compromise bill, the one that is pending here, as the substantive legislation, "we are unalterably opposed to any weakening amendments," including the one we are debating at this moment.

We have similar statements of support now, in the light of the realities of the impasse to which I have just alluded, from the National Association of Letter Carriers. That is one of the largest of the work force units in the Postal Service. We have one from the large American Postal Workers Union; from the Mail Handlers-Laborers International Union; from the Public Employee Department of the AFL-CIO; from the National Rural Letter Carriers, which I just cited; from the National Association of Postmasters of the United States, who have 91 percent of the postmasters in their membership; from the National Association of Postal Supervisors, who are meeting at this moment in St. Louis and have relayed this message to us; from the U.S. Postal Service; from the White House; from the Office of Management and Budget; from the chairmen and the ranking minority members of the relevant committees in the House and the Senate; from the Parcel Post Association; from the American Legion and the Veterans of Foreign Wars—both of which groups have some concern in the various levels of mail service and mail rates.

That is a formidable grouping. It is not an exhaustive list, but it is a representative list. The burden of their support is not that they love this compromise, not that they are delighted with this proposal; but, rather, it is the best we can get and still hold the Service together. That is the name of the business here, in this body—the art of the possible, not the art of fun and games; not the art of attack with a sword; but what we can do in an agency and with an agency that cannot afford to be stopped, to be shoved aside, until we make up our minds, an agency that has to continue to serve without interruption all the time that our discussions in this body are going on.

Therefore, it is with that in mind that I submit that this is the best we can do until all the excitement of an election year can be put behind us and we have adequate time to assess what should be done in the long run, in the big picture, to evaluate all the points of view, not just a quick point of view from the Senator from South Carolina or the Senator from Hawaii or the Senator from Wyoming, who may have a particular approach to a problem.

We owe it to the whole Nation to integrate the entire philosophy, the entire problem sector, and the entire structural operation of a postal system that has been put together in the national interest with service, public service, as its first priority.

Mr. President, let us examine the impact of the proposed substitute amendment on the total of Federal expenditures in future fiscal years.

Under the open-ended authorization of "such sums as may be necessary for the operation of the Postal Service", Congress would be required to appropriate annually the entire operating budget of the Postal Service. This figure is currently around \$15.4 billion for fiscal year 1977, and it is expected to increase substantially in future years. Budget and spending ceilings would have to make room for this entire amount.

The burden would fall upon Congress to appropriate sufficient funds to meet the demands of large mailers for special rates, the demands of labor negotiators for improved benefits, the demands of public interest blocs for special services or for the maintenance of noneconomic facilities, and whatever other demands for postal frills might conceivably emerge. What is more, we would be unable to refuse these demands without offending some significant portion of the voting public.

Mr. President I ask unanimous consent to have printed in the *RECORD* the letter addressed to me by the Postmaster General.

There being no objection, the letter was ordered to be printed in the *RECORD*, as follows:

THE POSTMASTER GENERAL,
Washington, D.C., August 24, 1976.

HON. GALE W. MCGEE,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As the Senate continues its consideration of H.R. 8603 today, I want to share with you some of my thoughts regarding the legislation.

Regarding amendments expected to be offered today, I am concerned that the fabric of postal reorganization could, if some of these amendments are adopted, be irrevocably torn. I would urge that you share with your colleagues some of the pertinent facts of the situation.

As Postmaster General, I have come to appreciate the vast complexity of the problems faced by the Postal Service. However, I have also concluded that the Postal Service—in its five short years of existence—has been able against large odds to make major steps toward realizing the goals of the Postal Reorganization Act.

During this period, the Postal Service has been forced to make many decisions that, while unpopular, have been necessary. Yet it must be realized that a permanent solution of postal problems will probably never meet

popularity standards, and I question whether reverting to Congressional control, which would be the practical effect of the amendments being considered today, would do anything other than redistribute the blame for these problems.

The four goals that the Postal Service was established to attain were:

One, to provide uniform, quality mail service to all Americans.

Two, to charge fair and reasonable rates.

Three, to provide wages, benefits and physical working conditions for postal employees comparable to those in the private sector.

Four, to achieve financial self-sufficiency.

Following is our record matched against these goals:

1. Service: According to every objective standard available to us, service today is better than at any point in the last five years. This has been substantiated by the General Accounting Office.

2. Fair and reasonable rates: While we acknowledge the obvious fact that postage rates have increased during the lifespan of the Postal Service, it is also true that measured against every industrialized Western nation, the United States continues to enjoy the lowest rates with only one exception. That exception is Canada, where—when subsidies are taken into account—the true rate today is higher than the United States rate.

3. Compared wages, benefits and working conditions: This goal has been attained.

4. Financial Self-Sufficiency: This is the one goal we have failed to achieve or the Senate would not be considering the legislation now before it. However, the reasons for this failure are primarily the extraordinary economic circumstances—double digit inflation and recession—of the past five years; inordinate delays in the rate-making process; and the basis costs of accomplishing the first three goals of postal reorganization.

Further, it should be recognized that the primary intent of this fourth goal was to establish responsible fiscal management within the Postal Service based on discipline and sound planning. In this sense, this goal has been realized. Yet ironically it has been the exercise of this responsibility that has brought about the current weakening of public support.

When faced with an estimated \$1.4 billion deficit in fiscal 1976, the Postal Service acted to cut its costs and reduce this deficit in every responsible way without affecting the basic service we provide. Since January 1975, we have reduced our payroll by 38,000 jobs, saving \$610 million. We have accomplished other substantial savings, including a reduction in the use of overtime. In addition, we have attempted to realistically evaluate the number of post offices, stations and branches needed to serve the American people, while also attempting to establish a dialogue about the long-range postal needs of the American people.

I continue to believe that, no matter what changes in the law may be made, these hard decisions should be confronted and difficult choices made.

The Postal Reorganization Act began the process of postal reform, and current postal policies are the extension of this process. During the 18 months I have been Postmaster General, these policies have been con-

sciously pursued in the knowledge that while they would not necessarily be popular, they represent the true postal reform that the Congress intended.

I urge you and your colleagues not to undo the work of the last five years and to give postal reform a full chance to prove itself by enacting H.R. 8603 without substantive amendment.

Sincerely,

BENJAMIN F. BAILAR.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 10 minutes.

Mr. HOLLINGS. Mr. President, right quick, with regard to the National League of Postmasters, I want to cite a letter, if Senator McGEE will listen:

DEAR SENATOR HOLLINGS: As National President of the National League of Postmasters, I feel it incumbent on me to correct a misstatement made during colloquy on the Senate floor on yesterday, August 23, 1976.

The error was made by Senator McGEE during discussions on the Substitute Bill offered by you and supported by a number of other Senators. It was stated that the National Association of Postmasters represented 91 percent of the nation's Postmasters and that the National League of Postmasters represented a mere 9 percent.

To correct the record of proceeding, I call to your attention the fact that the National League of Postmasters vigorously represent not 9 percent but, approximately 60 percent of the nation's Postmasters. I am sorry that I can not attest to the numbers claimed by the other organization, since a large number belong to both Postmaster organizations.

The three more prominent speakers on the postal matter considered on yesterday were Senator McGEE of Wyoming, which has 167 Post Offices—we have 49 members in that state; yourself from South Carolina which has 391 Post Offices—we have 296 members in that state; and Senator Randolph of West Virginia which has 1008 Post Offices—we have 926 members in West Virginia.

I would hope that you would correct the record to reflect our membership totals. Let me also take the opportunity, on behalf of the National Executive Board and our nearly 20,000 members, to repledge our support to your efforts to resolve the postal mess in a manner that addresses itself to the needs of the Citizens of this Nation. Your fight to restore integrity and confidence in our postal system is not going unnoticed by this Nation's Postmasters.

Again, we pledge the support of our great organization to you and others as you attempt to correct, not compound, the postal problems of our nation.

I want to reserve a couple of minutes, Mr. President, for getting right to the main point. We can keep correcting this record. I rather resent and resist, I would say, the idea that we have "a quick approach," "a quick point of view," "the art of playing games," to come now in this fashion with a substitute is irrespon-

sible," that "there were no hearings; you should give us pause"—these are quotes from the distinguished chairman of the Committee on Post Office and Civil Service. Obviously, I resent it, because I have been trying to have just that—hearings.

"Do you want to have a lunch?" That is what I was told, we would have a lunch with the Postmaster General. As the chairman of the Post Office Subcommittee, to the Senator from North Carolina, I say we have not had a hearing in 5 years.

Now, when they come with a substitute, they say, "Why not have hearings, let us be more deliberate, let us not be too quick."

How quickie is this? This H.R. 8603 we are now considering started in January last year, after 6 months of hearings, not here, on the House side. They reported it out in July, voted on it in September. After an overwhelming 3 to 1 vote, the chairman over there, that the Senator from Wyoming says he is making this firm agreement with, pulled it back into his House Post Office Committee. They brought it back after a month of lobbying by postal employees, the labor unions, the organizers for the mail carriers, the White House, and everybody else. And the House still passed H.R. 8603. The GAO says it still supports provisions in the House-passed bill, H.R. 8603. And he is the one offering the committee amendment in the nature of a substitute. Let us get that clear.

I am bringing this back in, after a year and a half. The Senator from Wyoming put his bill in in January, 8 months ago. He says, let us wait until next February and start hearings. He has had 8 months. He has only given his blue ribbon commission 4 months. They could not get organized until October, as everybody knows.

I am saying this has been very deliberate, very well worked out within the budget. I have a letter signed off from the Committee on the Budget.

Mr. MUSKIE. Mr. President, the Senate has before it H.R. 8603, the Postal Reorganization Act Amendments of 1976. This is an authorization bill that if enacted will most likely lead to increased Federal spending in a supplemental appropriation, and so it particularly requires scrutiny in terms of its relationship to the first budget resolution for fiscal 1977. While there are also important organizational issues surrounding our consideration of this legislation, my comments are addressed only to the budget implications of the pending proposals.

To begin with, Senators will recall that the Senate version of the first budget resolution assumed inclusion of an addi-

tional \$1 billion payment in fiscal year 1977 to assist the Postal Service in financing its projected deficit. The House version of the budget resolution did not assume inclusion of these funds, and they were subsequently removed in conference. However, in an exchange of correspondence, Senator Moss, speaking as chairman of the Senate conferees, wrote to Senator McGEE, chairman of the Post Office and Civil Service Committee, that it was the intention of the conferees that the Senate's consideration of H.R. 8603 was not to be prejudiced by this exclusion.

Now the authorizing committee has concluded its deliberations and reported its bill, which would authorize an additional \$500 million to be applied in fiscal 1977 to the Postal Service's debt. Senator HOLLINGS is sponsoring a substitute amendment that would authorize \$1 billion. Since passage of the first budget resolution, the staff of the Budget Committee has further studied the financial problems of the Postal Service, and they agree that additional amounts up to \$1 billion are needed by the Postal Service to finance its projected deficit. They also agree with the analysis offered by the authorizing committee that if additional funds are not provided, the Postal Service could experience an impairment of its operating capability, which in turn would intensify the pressure for postal rate increases and service reductions.

Let me explain as precisely as I can what it would mean in fiscal 1977 budget terms to enact and fund H.R. 8603 either as reported by the authorizing committee or as provided by Senator HOLLINGS' substitute amendment. I refer you to page 13 of the August 23 Senate budget scorekeeping report. Here it shows that the Budget Committee staff's current estimate is that funding of additional budget requirements could produce fiscal 1977 budget totals of \$447.7 billion in budget authority and \$414.3 billion in outlays.

This would be \$6.5 billion in budget authority under, and \$1 billion in outlays over the first budget resolution targets. These totals include the estimated effect of possible later requirements which have not yet been considered by the Senate, and therefore are tentative at this time. But the general budget picture is clear—we have a little room left in budget authority, but budget outlays are very tight.

Relating this to the legislation before us, my current estimate is that enactment and funding of either the committee bill or the Hollings substitute would not cause us to breach the first resolution budget authority target. However, enactment and funding of either would create serious pressures that could cause us to exceed the outlay target.

The Budget Committee is about to go

into markup on the second budget resolution, and I believe I speak for all the members of the committee when I say we will try our best to keep the second budget resolution ceilings from exceeding the first resolution targets. Clearly this will be easier to accomplish if the Senate approves additional Postal Service assistance of \$500 million instead of \$1 billion, but I will not tell you that it is impossible at the higher level. There are just too many uncertainties. We will be considering these uncertainties in more detail when we actually get into markup next week.

Mr. President, let me say again that the first budget resolution adopted in May contemplated that the second budget resolution might need to be adjusted upward to accommodate some or all of the cost of this legislation. The conferees gave explicit recognition to this possibility when they agreed to accept the House position and eliminate the additional Postal Service funds as provided in the Senate's version of the first budget resolution. They agreed to wait for the decision of the Congress on the legislation now before us. The conferees felt that the most important consideration was that legislation representing the most responsible approach to financing the Postal Service's deficit be enacted. The Budget Committees would then do the best they could to have the budget resolution accommodate that approach.

Each Senator must make up his own mind as to the most responsible approach. Speaking as an individual Senator, and not as Budget Committee chairman, I can say that I am prepared to support an additional fiscal 1977 Postal Service authorization up to a maximum of \$1 billion. This is the amount the Postal Service is projected to lose next year, and I believe we would be kidding ourselves if we assumed that the Postal Service could get by without additional funds. Finally, I believe the Postal Service organizational issues should be considered on their merits, separate from the funding level question.

THE POSTAL REORGANIZATION ACT: MORE DEFORM
THAN REFORM

Mr. CHURCH. Mr. President, under the slogan "Take Politics out of the Post Office" the Nixon administration prevailed upon the Congress to enact the 1970 Postal Reorganization Act. I said at the time that I was skeptical it would work. I felt that removing Congress completely from overseeing postal operations went too far. Without recourse to Congress, I feared that small towns and individual patrons would have little leverage in dealing with the gigantic quasi-independent corporation that the Postal Service was to become.

What has happened since 1970 has confirmed my worst apprehensions. Acting on its own, and without accountability to Congress, the Postal Service sharply increased postal rates, permitted its service to steadily decline, and incurred larger deficits than ever before.

Clearly, as it turned out, there was more deform than reform in the Reorganization Act of 1970. It is time for Congress to try to find a remedy. For this reason, Mr. President, I am supporting the amendment offered by the distinguished Senator from South Carolina (Mr. HOLLINGS).

The Hollings amendment would reassert congressional control over the postal budget by requiring annual congressional authorizations, and by making the Postmaster General an appointee of the President, to be confirmed by the Senate. In addition, the amendment would freeze postal rates and preserve existing services until the first review is completed next year. With the inclusion of the Randolph amendment, which I also support, it would also guarantee the right of small towns to be heard and to appeal any proposed closure of their post offices.

Mr. President, the time has come for Congress to reassert its responsibility for the mail, to better insure that the people receive adequate service at reasonable rates. I urge my colleagues to support the Hollings amendment.

Mr. HATHAWAY. Mr. President, I am pleased to be a cosponsor and supporter of the amendments to H.R. 8603 offered by the Senator from South Carolina (Mr. HOLLINGS).

These amendments incorporate a number of the provisions affecting the operations of the Postal Service as contained in my own bill, S. 3569, which I introduced on June 15, 1976.

Over the last few years it has become apparent to me that the ongoing problems of the Postal Service have been of great concern to many of my constituents, and that they feel this entity has become out of touch with their needs. I have heard from small businessmen, from those associated with educational institutions, from users of the mail in both rural and urban areas, and from postmasters and postal employees, all of whom have urged that some corrective action be taken by Congress with respect to the Postal Service.

Both my bill and our amendments are based on the assumption that in order to restore the Postal Service to a position of public confidence and trust, it is necessary for both the Congress and the President to exercise greater oversight and control over its operations. The Postal Service must be made more accountable and responsible to the elected repre-

sentatives of the American people. Furthermore, if we are to fulfill our own responsibility to those who elected us, we must again undertake this job.

The problem with the Postal Service in recent years has been that both the Congress and the President have viewed the situation as someone else's problem and not their own.

In supporting these amendments, I would like to address the point made by the distinguished chairman of the committee that his bill must not be amended. He stresses that the committee has worked hard in creating the legislation now before us, that this bill is the only vehicle which is acceptable to all of the various interest groups affected, that any changes whatsoever will destroy this acceptability and will run the very substantial risk of a Presidential veto.

Consequently, we are told that this bill before us today must be passed without amendment, no matter how attractive individual amendments might be, and that if amendments are approved by this body, the whole bill will be doomed and the future of the Postal Service will be at stake.

I respect the chairman's position on this and appreciate his hard work in what is admittedly a complex and difficult area. I know he is sincere in his assessment of the administration's position and I know he has put together the best bill possible given his view of the circumstances.

It would, however, be a terrible precedent for this body to refuse any and all amendments, no matter what their merit, simply to preserve a tenuous compromise and to avoid the mere threat of a veto.

We should never act or refuse to act simply out of fear of a veto. Our constitutional system contemplated a different set of goals for us. The rules of this body require that except in very limited circumstances, there be full and open debate on any measure brought before it and that individual Members be able to offer and discuss such amendments as they see fit. We consider this structure to be vital to our ability to produce legislation which addresses the problems and concerns of all our citizens in all parts of the country in as complete a fashion as possible.

A Presidential veto is of course a possibility with regard to the measure before us, as it is with any measure we consider. Unfortunately in recent years, vetoes have been an increasing possibility.

If there is a veto, we shall deal with it appropriately and I sincerely hope we will be successful in overriding it.

Despite arguments made earlier, an amended bill, followed by a Presidential veto would not result in a stalemate, an

impasse in which the Postal Service would be unable to receive needed subsidy. On the contrary, our failure to amend the measure before us would be far more damaging to the future of the Postal Service and would result in a continued situation of malaise and stagnation.

I have discussed this matter with a number of my constituents who have urged that I support the committee bill as a less than ideal, but still acceptable, compromise. They have stressed, as has the chairman, that they wish to avoid a Presidential veto and want to see Congress take a first step toward putting the Postal Service back on its feet.

Many of these individuals are postal workers or are otherwise directly affected by this legislation, and I can understand and appreciate their concern and their sentiment.

At the same time I have explained my view of my function—to work to produce the best possible legislation to meet the needs of all my constituents, to begin to address the problems of the Postal Service on a long-term basis, and not to accept some watered-down compromise.

Furthermore, this measure before us today is not an all or nothing proposition as far as the continued solvency of the Postal Service is concerned. Under existing law, section 2004 of title 39, there is standing authority for Congress to appropriate necessary funds to provide needed public service subsidy to the Postal Service. Therefore, if the President were to veto this measure which specifically authorizes an additional \$1 billion in such subsidy, Congress would still be able to appropriate such funds under the open authority already in the law.

In this way we will be able to meet the current crisis of the Postal Service and at the same time we will have met our duty by sending to the President legislation which addresses the Postal Service's problem on a more long-term basis.

When Congress enacted the Postal Reorganization Act of 1970, it hoped to set up an independent business entity which would ultimately need no Federal funding whatsoever. Day-to-day business decisions would be left to the Postal Service and its managing Board of Governors. Rate decisions would be made by the separate Postal Rate Commission, subject to the approval of the Postal Service. The idea was based on similar systems already in effect in such segments of the economy as the telephone industry and electric utilities.

At the time this legislation was enacted, it was hailed as the beginning of a long-needed modernization effort which would bring new efficiency to an enterprise which some had claimed was

outdated and riddled with political appointees.

With such a promising beginning, the Postal Service seemed to be off to a good start in its first 2 years of operation. The old post office system had suffered a \$204 million loss in its last year of operation, but by 1973 the postal system had cut this figure down to \$13 million, still a large sum, but indicative of substantial progress. Then in 1974, the loss figures jumped to \$438 million, and to \$989 million in 1975. The projected loss for 1976 is \$1.5 billion and another \$1 billion loss is expected in 1977.

Coupled with these startling figures has been a rising public outcry over deteriorating services. This problem has been studied and restudied by the General Accounting Office and other bodies.

There have been mixed conclusions to such studies, but the GAO has noted that even if the Postal Service were to deliver 95 percent of all first class mail on time, 2.6 billion letters would arrive late each year.

The Postal Service has been faced with the same rising costs for gasoline, other fuels, and essential items which all Americans have had to endure. It has responded with series of rate increases and recently with tentative announcements of closings of rural post offices, and is considering other service cutbacks such as eliminating Saturday deliveries.

These events and tentative announcements have understandably disturbed both my constituents and citizens in other parts of the country. They now feel that they need to have more of a voice in the long run, be very detrimental and Service and that many decisions which could be made by the Postal Service in pursuit of ostensible cost-saving would, in the long-run, be very detrimental and contradictory to the original concept behind the Postal Service and its predecessor; namely, to function as a service to deliver mail promptly and efficiently to all parts of the country. It now appears that this mission is inconsistent with the independent, corporate approach which the Postal Reorganization Act envisioned. It is clear that what is good for the financial condition of the Postal Service may be very bad for the American people.

Given this situation, the Postal Service must be more directly accountable to Congress, and also must be given such financial assistance as is necessary for it to meet its primary mission, within our national budget priorities. The Postal Service must be made to operate efficiently, but this ought not to allow the wholesale elimination of historic services.

Rather, Congress should undertake the primary responsibility of deciding which

services are essential and which are not, and provide sufficient funding for the former, and take responsibility to eliminate the latter. Without such a structure of Postal Service accountability to Congress and congressional responsibility for effective oversight, the current postal problems seem destined to continue, with all parties involved blaming each other for costs and cutbacks.

The original concept behind the creation of the Postal Service under the Reorganization Act—to make the Postal Service independent and therefore to function as a business—was intended to foster overall efficiency, to cut costs, and to maximize service. This was a noble and perhaps valid experiment. But based on our experience of the last 6 years, it has clearly backfired. We should admit to our mistake and take steps today to begin to correct the damage, and begin anew with mechanisms for oversight and responsibility.

When I received mounting complaints from my constituents over deteriorating service and threatened cutbacks, I could have responded by telling them that the Postal Service is an independent corporation, that whatever inconvenience they suffered was outside my jurisdiction as a legislator to take steps to correct. But this would have been a copout. Congress right now is responsible for the damage done by the enacting of the 1970 Reorganization Act. Yet Congress lacks any effective tools to exercise its responsibility.

We will be reneging on our duty to the American people if we do not act to give us the power to effect changes in the Postal Service.

I would agree with the Senator from South Carolina that the Blue Ribbon Commission proposed to be set up be the reported version of the bill before us represents a total avoidance on our part to exercise our duty to our constituents.

The Commission must report back to Congress on February 15, 1977. This is less than 6 months from today.

I find it hard to believe that this Commission will be able to offer any comprehensive solution in such a short period of time. The only solution which has any hope of succeeding is for both the Congress and the President to reassert their responsibility over the Postal Service on an ongoing basis. It is doubtful that the Commission will reach this conclusion and hence we are pressing forward today with a series of amendments designed to achieve this goal.

I am afraid that the Commission will instead serve as a vehicle for giving increased credibility to the views of the Postal Service held by some in the current administration.

For example, it is my understanding

that the Office of Management and Budget has already prepared a letter to the Commission, assuming it is created, that asks it to give close attention to whether the Postal Service monopoly on first-class mail ought to be eliminated.

Such a move would signal the end of the Postal Service's ability to function as a service and would cripple its efforts to serve rural America.

Private competitors would probably be very successful in gaining control of the intra-city mail in our largest metropolitan areas, but I doubt very much whether these corporations would be willing or able to undertake delivery to outlying rural areas. That job would be left, as it is now, to the Postal Service. Thus, the private carriers would skim the cream of the business and leave the less lucrative and often losing business to the Postal Service. This would only aggravate the current situation.

While the idea of allowing private enterprise to compete with the Postal Service in delivery of first-class mail is on the surface an appealing one, it is clear that such a move would greatly limit the Postal Service's ability to meet its statutory obligation to deliver mail to all parts of the country.

I am pleased also to support the amendment offered by the Senator from West Virginia (Mr. RANDOLPH) included in our substitute, which mandates that the Postal Service must give advance notice of any post office closing, and institutes sound procedures for the public to participate in that decision.

The procedures set up under this amendment are reasonable ones, designed to insure that the Postal Service considers all relevant facts and circumstances before concluding that it is necessary to close a post office.

I shall be supporting a number of other amendments to be offered later which are designed to restore accountability and responsibility to the American people on the part of the Postal Service. This amendment represents a sound first step toward that goal.

We are not attempting to totally prevent the Postal Service from instituting any post office closings whatsoever, but rather to have sound procedures governing any decision which the Postal Service might make in this area.

Consistent with the primary goal of all of these amendments, to increase the accountability of the Postal Service to the American people, I urge my colleagues to support our amendment which makes the Postmaster General a Presidential appointee, subject to confirmation of the Senate. This simple change would go a long way toward restoring the notion that both the executive and the legislative branches ought to be responsible for

the success or failure of the Postal Service.

The Postmaster General would once again be a public servant, owing his job to the elected representatives of the people.

The argument is raised against this amendment that it would be a step backward to the days when the old Post Office suffered from an overabundance of political appointees who some allege were more interested in politics than efficiency.

I would not support this amendment if this charge were in any way true. This amendment does not disturb the provision contained in existing law which makes it a crime for an elected official to recommend any individual for a position with the Postal Service.

This should continue to be the strongest possible deterrent against any return to the days of political patronage.

Under the amendment, only the Postmaster General and his Deputy would be Presidential appointees. The very top officials of the Postal Service would serve at the pleasure of the Postmaster General, but the remainder of the Postal Service employees would continue to be chosen on a nonpartisan basis.

Thus, under this amendment, we would gain the very substantial benefit of making the Postmaster General and his top assistants directly accountable to the people and we would not incur the admitted detriment of allowing political influence to overwhelm the rank and file postal workers.

Under existing law, the Postmaster General is appointed by the Board of Governors. Because the President would now undertake this function, this amendment would abolish the Board.

The establishment of the Board under the 1970 act was consistent with the notion that the Postal Service would function as an independent corporation. The Governors would function in the manner of a corporate board of directors. Since that approach has not worked well, and since it is my view that the responsibility for the functioning of the Postal Service ought to be vested in one Postmaster General and not nine Governors, there would seem to be no need for their continued existence and accompanying expense to the taxpayers.

Requiring direct Presidential involvement in the appointment of the Postmaster General will have the added benefit of insuring that the President maintains an ongoing interest in the Postmaster General's success in doing his job.

It was disclosed in the hearings held this spring before the Senate Committee on Post Office and Civil Service

that the current Postmaster General, Benjamin Franklin Bailar, was having a great deal of difficulty in getting through to the White House. In fact, for a time, telephone calls he placed to the White House were not returned.

This sort of attitude on the part of the executive must stop, and this amendment would establish the mechanism to remedy the problem.

Senate confirmation of the Postmaster General would also confer an additional and substantial benefit. Each of us would in a direct way have a stake in the ability of the Postmaster to do his or her job well.

As is presently the case for all other officials whose appointment must be confirmed by this body, we would be given the opportunity to hold hearings on the individual's qualification to hold the office, to ask questions on the policy goals that individual intends to implement, and to accept or reject that individual depending on our assessment of his fitness to hold the office in question.

We have been disappointed on more than one occasion with regard to our decision on appointments, but we know at least that we had our chance at one time.

I also support the amendment which limits the borrowing authority of the Postal Service to a total of \$500 million. This is necessary to prevent the Postal Service from mounting an ever increasing debt which would further impair its financial condition.

Equally important, this amendment would prevent the Postal Service from using its borrowing power as a form of backdoor spending and thereby avoiding its need to come to Congress to request and justify its need for increased public service subsidy. Limitless borrowing authority allows the Postal Service to avoid congressional scrutiny of its financial structure and its service functions.

If we are to begin anew to exercise our responsibility over the operation of this vital service we must eliminate this loophole in existing law.

The \$500-million figure is a reasonable one, designed to assist the Postal Service to cope with cash flow problems and at the same time place a ceiling on what is now a runaway sum.

I firmly support the provision of the amendment now before us which requires, beginning in fiscal year 1978, that the Postal Service come before Congress for annual authorization and appropriation of its total budget needs.

In this way we will be able to exercise direct oversight over its function, oversight which has been noticeably lacking for the last 6 years.

We will once again be able to respond to the legitimate needs of our constitu-

ents to have a voice in the cost and the quality of our postal services as do all our other committees with authorization power over particular Federal agencies and departments which fall under their jurisdiction. The Senate Committee on Post Office and Civil Service will be in a position to oversee the operations of the Postal Service on an ongoing basis. The Committee on Appropriations will similarly be able to require the Postal Service to justify its financial needs given the service it provides.

Further, the Postal Service will be subject to the budget procedures which we recently established and have imposed upon all other public services.

It has been suggested that this change will serve to eliminate whatever incentive there is within the Postal Service to operate efficiently and to provide high quality service to the American people. According to this argument, the Postal Service will be tempted to let its operation slide and simply come to Congress each year for whatever money it needs.

I do not think this analysis is correct, and on the contrary, it is my view that the present lack of accountability to Congress is by far the greater danger.

Furthermore, until we regain the power of the purse in this area, we are powerless to address the questions which so concern our constituents. These questions include the ever-rising rates and declining services and the threatened closing of many of our outlying rural post offices.

In evaluating our rate structure, we ought to consider the costs of the equivalent to first-class service in other countries of the world. For example, in France, the cost is 18 cents; in Sweden 23 cents; and in Japan, over 16 cents. In the United Kingdom the cost is over 17 cents, and this cost has jumped a total of 89 percent in the last 2 years. Compared to these figures, Canada has maintained a constant cost of 8 cents. The point of this comparison is that the final per-letter cost to consumers will depend to a large degree, on the extent to which the individual governments are willing to subsidize their postal services. Other factors of course are efficiency and overhead services. By giving Congress increased budgetary authority, this amendment would allow for closer attention to the appropriate mix of subsidies and rate increases.

I am not saying that our rates should always remain constant or that under no circumstances should we close any post office. I think these matters will require close attention and study. It may well be that the costs which would be incurred by such policies, which inevitably would be passed on to all our taxpayers, cannot be justified when compared with the

benefits of these policies. But the point is that until Congress again becomes involved, the appropriate level of public subsidy vis a vis private cost bearing will never be determined.

We will continue to flail away at the Postal Service while we lack the legislative tools and the conviction to confront the problem directly ourselves.

The amendment would remedy this situation. Postal revenues would again go directly into the Treasury and the appropriate amount of subsidy would come out of the Treasury. The system would mesh.

We would be accountable to our constituents for the tough decisions involving post office closings and rate increases. With this modified structure they too would be in a better position to determine the level and type of service they consider appropriate.

Congress would not be making all of the business decisions for the Postal Service. This would still be the job of the Postmaster General. Nor would Congress be setting rates. This would be left to the Postal Rate Commission.

But Congress would be in a position to have an impact on these decisions, and to alter their direction in broad policy terms, through the authorization and appropriation mechanism.

This amendment would impose a moratorium on any further rate increases, service cutbacks, or post office closings until the end of the upcoming fiscal year, September 30, 1977, by which time Congress will have its oversight mechanisms in place.

All curbside delivery must be continued. All post offices serving more than 35 families must remain open. Those serving fewer than 35 families can be closed only with the consent of at least 60 percent of the patrons.

This is a necessary provision to prevent such events until such time as Congress is again in a position to participate and judge as a matter of policy whether these cutbacks are appropriate.

We are late by 6 years in our addressing this matter in a comprehensive fashion, but we are still not too late to alter the situation of despair and decay.

Mr. HATHAWAY. Mr. President, I would like to make one additional point, not directly related to the legislation before us today, but of interest to me in my capacity as chairman of the Subcommittee on Alcoholism and Drug Abuse of the Senate Committee on Labor and Public Welfare.

I have followed with great interest the Postal Service's work in the area of alcoholism rehabilitation, and have noted the substantial progress being made by its program for alcoholic recovery—PAR. This program should serve as an

excellent example for other industries in the process of setting up similar programs.

Also, it is my understanding that the Postal Service is in the initial stages of starting a similar effort to deal with drug abuse. I wish it success in this area, too, and hope it is able to realize the same good results as it has in PAR.

Such programs, if successful, are able to greatly increase productivity, reduce absenteeism, and foster overall efficiency.

Mr. MUSKIE. Mr. President, I will vote for the legislation offered by the distinguished Senator from Wyoming (Mr. McGEE) as reasonable approach to our postal service problem.

The Postal Service threatens to become a national embarrassment. Services have been reduced in quality and scope while rates have been increasing. People in my home State of Maine, and I am sure millions of people in rural areas across America are understandably suspicious when the Postal Service suggests that their local post office be closed in the name of efficiency. The average postal patron is understandably upset by frequent reports of delays, destroyed parcels, and lost letters. One enterprising newspaper in Maine sponsored a contest between the Postal Service and a canoe. The letter sent by canoe arrived first.

It is clear that the present system is not working. When we acted 6 years ago to detach the Postal Service from the Federal bureaucracy, we had high hopes that the new agency could maintain the American tradition of mail service while operating an economically sound agency. We now face the fact that this approach was a failure, and we must try something new.

The bill presented by Mr. McGEE, which is supported by the Committee on Post Office and Civil Service, offers us the opportunity to examine closely just what our next step should be.

There are literally billions of dollars at stake in any decision we make on the Postal Service. But as importantly, there is a need to reemphasize a tradition of service in the mails which is as old as our Nation. These are decisions we must not make lightly, and following the course recommended in this legislation will give us all the opportunity to explore all the logical alternatives before we take action to restructure the agency.

The bill contains several crucial features during the period of the study: a moratorium on post office closings to assure our rural citizens their needs will not be abandoned; a moratorium on postal rate increases; and a requirement that door and curbside delivery be continued.

We may well conclude after careful review that the Postal Service should

be reestablished as a Government agency. But we should have before us other alternatives before we take that step.

Mr. President, postal service workers, postmasters and postmistresses from across Maine have supported the approach recommended by this amendment. I support it as well. It is the only course supported by the administration, and taking it would avoid a long struggle at a time when action is demanded.

Mr. HOLLINGS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 6 minutes remaining.

Mr. McGEE. How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. Ten minutes.

Mr. McGEE. Would the Senator be interested in yielding back the time? We have 10 minutes left.

Mr. HOLLINGS. Yielding back both times?

Mr. McGEE. Yes.

Mr. HOLLINGS. I am prepared to yield back my time.

Mr. McGEE. Mr. President, I am prepared to yield back my time.

Mr. BUCKLEY. Will the Senator yield for a unanimous-consent request?

Mr. McGEE. I am happy to yield.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that Mr. Brian Bennett of my staff be accorded the privilege of the floor during debate on this bill, including all the rollcalls.

The PRESIDING OFFICER. Without objection, it is so ordered.

All time is yielded back. The yeas and nays have not been ordered.

Mr. HOLLINGS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a second second.

The yeas and nays were ordered.

Mr. McGEE. Mr. President, as we have proceeded with this consistently, we have just gotten the yeas and nays on the Senator's amendment. I have not had an opportunity to explain to him that, on the basis of the procedural operation, I must move to table. Therefore, I—

Mr. HOLLINGS. I thought under the unanimous-consent agreement—

The PRESIDING OFFICER. A motion to table is not in order under the unanimous-consent agreement.

Mr. McGEE. That is right. I forget about that. It is my error.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. WEICKER (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from South Carolina (Mr. THURMOND). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "aye." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), the Senator from California (Mr. TUNNEY), the Senator from Iowa (Mr. CLARK), the Senator from Montana (Mr. METCALF), and the Senator from Michigan (Mr. PHILIP A. HART) are necessarily absent.

I further announce that, if present and voting, the Senator from California (Mr. TUNNEY), the Senator from Washington (Mr. MAGNUSON), and the Senator from Iowa (Mr. CLARK) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from Wyoming (Mr. HANSEN), and the Senator from North Dakota (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I also announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

The result was announced—yeas 26, nays 58, as follows:

[Rollcall Vote No. 520 Leg.]

YEAS—26

Abourezk	Gravel	McGovern
Baker	Hart, Gary	Nelson
Biden	Hatfield	Nunn
Cannon	Hathaway	Packwood
Case	Helms	Randolph
Church	Hollings	Ribicoff
Durkin	Kennedy	Scott,
Eagleton	Laxalt	William L.
Ford	Mansfield	Stevenson

NAYS—58

Allen	Glenn	Muskie
Bartlett	Goldwater	Pastore
Bayh	Griffin	Pearson
Beall	Hruska	Pell
Bellmon	Huddleston	Percy
Bentsen	Humphrey	Proxmire
Brooke	Inouye	Roth
Buckley	Jackson	Schweiker
Bumpers	Javits	Scott, Hugh
Burdick	Johnston	Sparkman
Byrd,	Leahy	Stafford
Harry F., Jr.	Long	Stennis
Byrd, Robert C.	Mathias	Stevens
Chiles	McClellan	Stone
Curtis	McClure	Symington
Dole	McGee	Taft
Domenici	McIntyre	Talmadge
Eastland	Montoya	Tower
Fannin	Morgan	Williams
Fong	Moss	

PRESENT AND GIVING A LIVE PAIR, AS
PREVIOUSLY RECORDED—1

Welcker, for

NOT VOTING—15

Brock	Hansen	Metcalf
Clark	Hart, Philip A.	Mondale
Cranston	Hartke	Thurmond
Culver	Haskell	Tunney
Garn	Magnuson	Young

So Mr. HOLLINGS' amendment was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2034

Mr. DOLE. Mr. President, I call up amendment No. 2034.

The PRESIDING OFFICER (Mr. GOLDWATER). The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for himself and Mr. PASTORE, proposes an amendment numbered 2034:

On page 38, line 9, strike the semicolon, substitute a comma, and add the following: "and of whom one shall be designated to represent the individual noncommercial users of first-class mail;"

The PRESIDING OFFICER. The Chair announces that there is controlled time on this amendment. There will be 20 minutes to be equally divided and controlled by the Senator from Kansas (Mr. DOLE) and the Senator from Wyoming (Mr. McGEE).

The Senator from Kansas.

Mr. DOMENICI. Will the Senator yield?

Mr. DOLE. I yield to the Senator.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Dick Getzinger of my staff be granted privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I join my colleagues and the American public in expressing satisfaction that the postal reform issue has finally reached the Senate floor. I do not believe there is one of us that has not been affected by the Postal Service crisis in one way or another, whether we be private citizens, Members of Congress, or Postal Service employees. All of us have an interest in implementing solutions as quickly as possible. None of us wants to stand by and see our national postal network fall apart at the seams.

The Members of the Senate Post Office and Civil Service Committee have labored many hours, in consultation with the White House and the Postal

Service, to draft reasonable legislation that addresses several of the more critical problems facing the Postal Service today. I think the result, which is before us today—H.R. 8603—is a reasonable and responsible compromise among the various interests associated with postal reform. It is a good bill; it is not a perfect bill. I generally favor this proposal and believe that, with a few perfecting changes, it will resolve the most immediate pressing problems before us.

In short, it will provide a temporary subsidy for postal service debts accrued through September 30, 1977. It will provide a temporary moratorium on postage rate increases and post office closings. And it will establish a Professional Study Commission to provide further insight and more detailed recommendations on recurring postal problems. I support these principal components of H.R. 8603 and have no wish to diminish their effectiveness in any way.

NEED FOR MODIFICATION

However, there are some minor weaknesses within this bill which, in my opinion, need to be modified at this time. It is for this reason that I am offering two amendments to H.R. 8603 as it was reported from committee. I seek only to perfect this bill so that it may be more responsive to the mail users' interests and needs, and believe these changes will also work to the benefit of Postal Service interests. This is not a time for ill-considered amendments.

These proposals of mine have been given the most careful and thorough consideration and should only improve upon the beneficial qualities of this legislation.

I would call to the attention of my colleagues that these amendments have bipartisan support, and have both logical and practical application to the provisions of this bill.

CONSUMER REPRESENTATIVE ON STUDY
COMMISSION

I believe that the Study Commission established by this bill can provide valuable insight into recurring postal problems, as well as useful recommendations for solutions to those problems. Consistent with these expectations, I believe it is important for the private first-class mail users to be represented on the Commission.

As reported by the committee, H.R. 8603 provides for 12 Study Commission members. Each House of Congress is to appoint three persons to the Commission, the President is to appoint four members, and the Postmaster General and Chairman of the Postal Rate Commission are to serve as ex officio members of the Study Commission. In addition, the committee bill stipulates that two commission members, among those appointed by Congress, are to be members of the Pos-

tal Service work force. Thus, with postal employees and the Postmaster General and Postal Rate Commission Chairman on the Study Commission, both management and labor are well represented. It is reasonable to expect that they will effectively represent the interests of postal management and postal labor in developing recommendations for later postal reforms.

I believe it is both unjust and counterproductive to the purposes of this Study Commission if the interests of the postal consumer are not equally represented. This is particularly important in view of the fact that first-class mail users comprise the largest segment of postal volume and postal revenue annually. It is those private individuals who will be providing the tax dollars for the postal subsidy contained within this bill. And it is those individuals who will be directly affected by the recommendations of this Study Commission next year. There are those who would argue that consumer interests will be represented as an incidental interest of any person appointed to the Commission by Congress or the President. However, unless specific congressional mandate is provided within this bill as it is for postal labor and management interests, there can be no assurance that careful attention will be devoted to the specific concerns and viewpoints of the largest segment of mail users.

Let me provide a particular example of an issue area where consumer input would be useful. First-class postage rates have risen 117 percent during the past 5 years. This substantial rise in postage costs is having a negative impact on both the private individual and the Postal Service alike. The relationship between declining first-class mail volume and rising postage rates is nothing but a "vicious circle." Postmaster General Benjamin Bailar recently noted that—

Our customers are curtailing their use of the mail, or turning to alternate, less expensive means of communication. And as rates go higher, public resistance grows firmer, and the volume drops even more.

Already, postal officials are discussing plans for a first-class postage increase next year, and rates may well double again in the next 5 years. The private consumer will be hardest hit by these rate increases. As this Study Commission examines the concept of public service in the Postal Service, it must not forget who that service is primarily intended to benefit.

My amendment No. 2034 provides for effective input of the private mail users' viewpoints into Study Commission deliberations. It simply states that, of the four Commission members to be ap-

pointed by the President, "one shall be designated to represent the individual noncommercial users of first-class mail." It is my thinking that the President may wish to appoint a member of the Office of Consumer Affairs to perform this duty, or perhaps some other individual who is well acquainted with the interests and practices of first-class mail users. Certainly, the problematical issues of postage rate increases and post office closings should be addressed by the Study Commission, and the "consumer representative" should offer a useful perspective on these matters from the private individual's point of view.

Mr. President, I hope the distinguished chairman of the Post Office Committee will accept this amendment to the committee's bill. If not, I will ask for the yeas and nays on the amendment.

Mr. President, I have discussed this amendment with the distinguished floor leader (Mr. McGEE). I have also discussed it with others who have an interest.

The first amendment has to do with the Study Commission established by this bill.

It was hoped by the Senator from Kansas that we would have some non-users, some consumer representative, a member of this Study Commission.

It was the hope of the Senator from Kansas that one of the Presidential appointees might be someone who would fit that category.

I understand the reluctance of the executive branch to say that we are going to be tied down on who we can appoint because of some act of Congress.

I discussed this with the distinguished floor manager of the bill. Perhaps it should be made clear that the intent is that one of the members appointed by the President would be a consumer representative. Postal rates have gone up 117 percent in the last 5 years. Many people are turning to alternate forms of service. It seems to the Senator from Kansas that a consumer representative would be a most appropriate representative. Perhaps we could urge the President to appoint such a representative without legislating that he do it.

Mr. McGEE. It would be my judgment, may I say to my colleague from Kansas, that urging it will be an effective way for the simple reason that the equity in the suggestion of the Senator from Kansas is so conspicuous that I think it would carry of its own weight.

The issue that was explained to the committee was the President just felt a little sensitive about hamstringing his prerogative or the small group that he would have the prerogative for appointing to the Commission. I would think it

would serve him well to appoint a consumer representative as one of his four appointees. That is, somebody who is not a large commercial user or who is not personally participating in the postal system of the United States. It would be a very wise move with very good input. I can assure the Senator that the two managers of the bill will express a very strong urging of the administrative branch to accord to this request in selecting their four appointees.

Mr. FONG. Will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. I would like to join my distinguished chairman in saying that we will urge the President to do what the Senator proposes here. I am sure one of the Members he appoints will be a mail user.

Mr. McGEE. Why not say a user of the mail. Otherwise, the Senator will be called to task by the ERA that he has discriminated. [Laughter.]

Mr. FONG. A user of the mails.

Mr. DOLE. It seems we could end up with labor and management but no one representing the users of the mails. I have indicated that the postal rate has gone up 117 percent in the last 5 years. It does have a negative impact on the consumers. The Senator from Kansas is also sensitive to the wishes of the President, more so this week than last week. Based on the assurance of my distinguished colleagues, I will withdraw my amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

The Senator from Kansas is still recognized.

UP AMENDMENT NO. 367

Mr. DOLE. Mr. President, I send a modified version of printed amendment No. 2033 to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment No. 367, a modification of printed amendment 2033.

The amendment is as follows:

On page 27, line 23, strike all after the words "ending on" through the word "Congress," on page 28, line 3; and insert in lieu thereof the words "September 30, 1977,";

On page 28, line 4, strike the words "have in effect" and substitute in lieu thereof "submit a request for";

On page 28, line 7, replace the semicolon with a comma, and add the following: "It being understood that prior to the submission of any such request, the Service shall give careful consideration to the recommendations of the Commission on the Postal Service";

On page 37, beginning with line 14, strike out all through page 38, line 3, and insert in lieu thereof the following:

"(b) (1) The amendment made by subsection (a) of this section shall not apply to

any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage and fees for postal services requested by the United States Postal Service in the first request made after the period during which the Postal Service may not make any such request as provided under section 2401 (e) (1) of title 39, United States Code, as added by section (2) of this Act.

"(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of enactment of this Act, shall apply to any temporary rate or fee which may be established pursuant to the first request described in paragraph (1).";

On page 41, line 12, strike the words "or before February 15," and insert in lieu thereof "September 30,".

Mr. DOLE. Mr. President, I have modified my original amendment to insure that there will be no detrimental consequences to the financial status of the Postal Service. As introduced, this amendment still accomplishes three principal tasks: First, it will extend the moratorium on postage rate increases and service cutbacks until September 30, 1977; second, it will extend the lifetime of the Postal Study Commission until September 30, 1977; and third, it will require that the final report of the Study Commission be given proper consideration by the Postal Service before action is taken to increase postage rates. The basic concepts underlying each of these objects are already embodied within the bill before us, H.R. 8603. My amendments only improve upon those concepts, to the advantage of both the Postal Service and the postal consumer."

The modification to my amendment should resolve any concern that extension of the moratorium would have major impact on Postal Service finances. Under present law, the Postal Service may implement a "temporary rate increase" 90 days after making the request, if no decision is forthcoming from the independent Postal Rate Commission. The bill before us would prevent that temporary increase until 10 months after a request is made. Since my amendment delays the first opportunity for a rate increase request, and because I have no desire to unduly delay the rate increase if the Study Commission's report finds additional increases advisable, my modified amendment allows for implementation of a temporary rate increase 90 days after request is made. This conforms to current law and would only apply to the first request following the extended moratorium. In effect, a temporary rate increase could be implemented as early as January 1978, and the extended moratorium would therefore cause no serious financial consequence to Postal Service revenue.

I want to emphasize the reason why the moratorium should be extended and the request delayed. But first, I will point out the need for extension of the lifetime of the Study Commission.

If the Postal Study Commission established by H.R. 8603 is to be anything more than a farce, it must be given adequate time to perform a worthwhile task. The committee language would have the Commission issue its analysis of postal problems and recommendations for solutions as early as next February 15.

Does the committee really believe that 6 years' worth of postal problems can be properly studied, analyzed, and useful recommendations issued in that short a period? I think not. Assuming enactment of this bill as early as mid-September, there would be barely 5 months to select Commission members, organize the agenda, and perform the mandated task.

Frankly, the short period allowed by the committee's bill discredits the whole argument for such a commission. My amendment will allow approximately 1 full year to get professional and useful work out of the Study Commission—comprehensive work which no other Federal agency can undertake.

EXTENSION OF MORATORIUM

With my amendment, the moratorium on postage rate increases and service cutbacks—including arbitrary rural post office closings—will be extended for the additional lifetime of the Study Commission. More importantly, the moratorium will coincide with the fiscal year 1977, for which Congress will be providing the Postal Service with a substantial subsidy. It is both fair and logical that the mail-using public be granted a "reprieve" from higher rates and service cutbacks during the period for which their tax dollars provide a \$1 billion subsidy for the Postal Service indebtedness.

Most Americans have been exposed to the recurrent theme that they must either support the Postal Service with a larger tax subsidy, or expect higher postage rates and more post office closings. Provisions of H.R. 8603, as currently drafted, suggest the probability of both circumstances burdening the public at the same time. My amendment resolves this inequity.

The Postal Board of Governors would be restrained from submitting a new postage rate increase request to the Postal Rate Commission until after the Study Commission issues its September 30 report. I think the legislative history of H.R. 8603 should make it clear that one very important duty of the Study Commission will be to examine and report on the impact of higher postage rates upon mail use in the future. Is the incident of rising rates and declining

mail volume just—as Postmaster General Benjamin Bailar has suggested—"a vicious circle?" Do higher postage rates effectively defeat their purpose by driving mail users to other forms of transfer and communication over a distance? There should be no request for higher rates until this key question has been addressed by a professional study commission, and its findings examined in a responsible manner by postal officials.

Finally, the extended "breathing spell" offered by this lengthened moratorium should give the Post Office Committees of both Houses of Congress ample time to organize their agendas next year, to facilitate additional legislative attention to postal problems. Under the February 15 cutoff date for the moratorium established by the bill, Congress will barely have reconvened and committee assignments will barely be made before the Postal Service resumes rate hikes and rural post office closings—with no chance for congressional debate or legislative action in the 95th Congress. Let us not be blind to the fact that it will be "business as usual" for the Postal Service after February 15, 1977, as rates shoot up, hundreds of small post offices are closed, and services are further curtailed.

Mr. President, I generally support the bill now before us, but truly believe that these well-considered concerns must be resolved before the Senate approves the measure. My amendment offers a more logical and effective method to facilitate the objectives of the bill, and I ask for its immediate consideration.

Mr. President, I understand the administration opposes this amendment and the committee opposes the amendment. We are under time constraints. I am prepared to yield back the remainder of my time.

Mr. McGEE. I have nothing to add to what the Senator has said. The only complication in his proposal is that it goes beyond the dimensions of the truce, the moratorium. It would be a legitimate subject for reconsideration when the report by the Commission comes back on the 15th of February. But up to that point it would stand in violation. That is the reason, I am sure, that the White House could not accept that within the terms of this temporary compromise that this has been prepared.

Mr. FONG. Will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. This means that up to September 30, 1977, there could not be any kind of a request for a rate increase, if this amendment goes through. The Postal Service feels that it would have no money with which to pay the payroll in fiscal 1978. They say this amendment is an exercise in false economy and it would

— cost more money in having this amendment enacted. If this amendment is enacted it will be very costly to the post office. From that standpoint, I urge the Senator to withdraw his amendment.

Mr. DOLE. The Senator from Kansas does not wish to withdraw it, but I am willing to accept the verdict of a voice vote.

Mr. McGEE. I yield back the remainder of the time on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

It would seem that the ayes might have it.

Mr. McGEE. Mr. President, is it in order in a parliamentary sense to ask for the voice vote to be repeated since we were not listening?

The PRESIDING OFFICER. The Senator can ask for a division.

Mr. McGEE. Can we ask for a repetition of a voice vote?

The PRESIDING OFFICER. Not a repetition.

Mr. McGEE. I ask for a division on the question, Mr. President.

The PRESIDING OFFICER. A division is requested. Senators in favor of the amendment will rise and stand until counted.

[After a pause.]

Those opposed will rise and stand until counted.

On a division, the amendment was rejected.

AMENDMENT NO. 2069

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. McGEE. Mr. President, what is the time limitation on this next series of amendments?

The PRESIDING OFFICER. The Senator from North Carolina has two amendments on which there shall be 30 minutes to be equally divided and controlled by the Senator from North Carolina (Mr. HELMS), and the Senator from Wyoming (Mr. McGEE).

Mr. HELMS. I call up amendment No. 2069, Mr. President, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) on behalf of himself and Mr. FANNIN proposes amendment No. 2069.

Mr. HELMS. I ask unanimous consent that further reading of the amendment be dispensed with, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following new section:

SEC. 10. (a) Chapter 6 of title 39, United States Code, is amended—

(1) by striking out sections 601 and 602;
(2) by redesignating section 603 through section 606 as section 601 through section 604, respectively; and

(3) by adding at the end thereof the following new section:

"§ 605. Carriage of mail by private express permitted

"Notwithstanding any other provision of law, the carriage of mail, or other licit matter, by private express or carrier for compensation, or otherwise, is expressly permitted."

(b) (1) The table of chapters for part I of title 39, United States Code, is amended by striking out the item relating to chapter 6 and inserting in lieu thereof the following:

"6. Private carriage of mails----- 601".

(2) The caption for chapter 6 of title 39, United States Code, is amended to read as follows:

"CHAPTER 6—PRIVATE CARRIAGE OF
MAILS".

(c) The table of sections for chapter 6 of title 39, United States Code, is amended to read as follows:

"Sec.

"601. Searches authorized.

"602. Seizing and detaining letters.

"603. Searching vessels for letters.

"604. Disposition of seized mail.

"605. Carriage of mail by private express permitted."

(d) (1) Chapter 83 of title 18, United States Code, is amended by striking out sections 1694, 1695, 1696, 1697, and 1725.

(2) The table of sections for chapter 83 of title 18, United States Code, is amended by striking out the items relating to sections 1694, 1695, 1696, 1697, and 1725.

(e) Section 1698 of title 18, United States Code, is amended by inserting "(other than letters or packages carried by private express)" immediately after the word "cargo".

(f) Section 1699 of title 18, United States Code, is amended by inserting "except where carried by private express and" immediately after the phrase "nearest post office," and inserting the same language immediately after the phrase "under my power or control."

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, we all realize the gravity of the postal crisis which has been thrust upon us, and I well understand the efforts of the distinguished members of the Post Office and Civil Service Committee to cope with the many problems involved. But at the same time, the Senator from North Carolina feels, along with many others, that these efforts, in the long run, are only treating the symptoms of postal mismanagement and inefficiency. Controls and constraints applied from the outside only act as a bandage; they do nothing to stimulate

the internal discipline and innovation that are necessary for the survival of any organism.

Therefore, the amendment which I am submitting on behalf of myself and the Senator from Arizona (Mr. FANNIN), is intended as a supplement to the emergency efforts proposed by the committee. The text of the amendment is the same as the bill I proposed not long ago, S. 3025. Basically, it repeals the so-called private express statutes, thereby permitting the carriage of first-class mail by private express. In other words, my amendment would restore the beneficial remedy of private competition in order to stimulate internal renovation in the Federal Postal Service, and to provide a service benchmark for the efficient delivery of mail.

Mr. President, when Congress enacted the Postal Reorganization Act of 1970, it was hoped that the mail service would, at long last, operate on an efficient, fiscally sound basis. There would be an end to mounting postal deficits. Future rate increases would be substantially curtailed. The post office operation would be self-sufficient.

None of these goals, of course, has been reached. Indeed, we may be further from them today than we were in 1970.

In 1971, the Postal Service began operations with an equity of \$1.7 billion in cash. During its first full year of operation, the Postal Service ran up a deficit of \$13 million. By 1975, the Postal Service reported a deficit of \$989 million. Recently, postal officials predicted a \$1.5 billion deficit for fiscal year 1976 and an accumulated deficit of \$3.1 billion.

However, while the postal deficit has increased, postal rates, as every American knows all too well, have increased just as rapidly.

Since 1971, the cost of mail service has increased 63 percent, while in comparison, the Department of Labor's Consumer Price Index reports that the cost of other services has increased by 35 percent.

During this time, the public has watched the price of a first class stamp rise from 8 cents to 10 cents to 13 cents and postal experts suggest that within the near future the cost of mailing a first class letter may jump to between 35 cents and \$1.

Concurrently, Americans pay for their postal service, not only as postal customers, but as taxpayers as well. The House Postal Committee has determined that the average tax subsidy for the mail service is approximately \$37.50 for each household in the United States. This figure could also double within the next few years as a result of the increasing postal deficit.

Regardless of how far we are today from achieving the goals of the Postal Reorganization Act of 1970, the objectives articulated in this legislation still merit our continued support. Financial self-sufficiency; improved working conditions and standards; decisionmaking on a business, rather than a political basis, are goals still to be sought after. In part, they have been achieved. Still, it is evident that the Postal Service lacks the flexibility and self-sufficiency to meet the demands of the marketplace in a business-like manner. We should encourage every opportunity for greater flexibility on the part of the Postal Service in meeting the demands of the American postal consumer.

One of the most serious problems confronting the Postal Service is the reduction of mail volume. In 1975, mail volume declined for the first time since the Great Depression. Today, postal officials predict a continuing reduction of 4 percent per year for the indefinite future. The reasons for this projected decline are simply a combination of rising postal rates and commercially feasible alternatives provided by the free enterprise system. For example, United Parcel Service already processes more than half of the parcel post volume in the United States.

I believe that the competition provided from private enterprise will encourage the Postal Service in meeting the goals of the Postal Reorganization Act of 1970. Indeed, it may be the greatest stimulus to the creation of a healthy and self-sufficient national postal system.

Several of the cost-cutting procedures adopted by the Postal Service have been in existence in private enterprise for quite some time. The competition provided by private delivery of parcel post has stimulated the Postal Service to make needed improvements. However, it is clear that the Service still has far to go in becoming competitive enough to win back part of its lost share of the parcel post market.

Historically, private enterprise has assumed just such a role in the development of our national postal service. Wayne E. Fuller, in his book "The American Mail," states that—

The invasion of the government's postal monopoly by private business was really a boon to the mail service, for it forced the government to improve its postal system.

Legally, the U.S. Postal Service enjoys a monopoly in the carriage and delivery of first-class letter mail. As a practical matter, it is evident that the Postal Service will be losing more and more business every year to private companies who provide more economical alternatives to the traditional postal letter. I believe it is

time that the law reflect the current economic realities of the postal delivery industry.

Some argue that the entrance of private enterprise into the first-class mail delivery market would result only in a "cream skimming" operation. Under this scenario, private enterprise would only enter the most profitable markets while neglecting the less profitable ones. The difficulty with this view is that such competition is already taking place in regard to other classes of mail and is about to take place regarding first-class delivery.

First-class mail accounts for 60 percent of all postal volume and revenue. Of that 60 percent, more than half consists of bills and invoices being sent out and checks and money orders being returned. Without doubt, this is the most profitable and most manageable portion of the mail industry. Although the present private express statutes prohibit the use of third parties to deliver one's mail, there is no prohibition against self-delivery and many department stores, banks and utility companies are now experimenting with self-delivery. In another instance, banks are also experimenting with electronic funds transfer systems which would allow depositors to automatically pay their bills through the electronic alteration of their accounts without the use of the mails.

Careful attention to the technological development of information distribution systems, as well as the fluctuations in the mail delivery market, suggest that the state of the art in the near future will be such as to force consumers from the Postal Service to private distributors. Faced with declining volume and increasing rates, the Postal Service is caught in the classic scissors situation. It cannot compensate for declining volume by increasing its rates. And because the Postal Service is limited to the degree of postal rate increases which are economically feasible in relation to their adverse affect on user volume, the result of the committee's proposal is a perpetually increasing Federal subsidy.

Those who may oppose repeal of the private express statutes should realize that, as a practical matter, private enterprise is already providing alternatives to Government carriage and delivery of first-class letter mail.

In part, this competition is responsible for the current crisis facing the postal system. But simply ignoring the development will not make the problem go away.

I believe that Congress should recognize the fact of the private sector's entry into the postal delivery market and prepare for the orderly and productive transformation of the industry itself as a result of this development.

It is evident that it will be some time before the Postal Service recovers from the crisis with which it is presently faced. Congressional attention will continue to be necessary for the immediate future.

And only Congress can prevent an industry in crisis from becoming an industry in anarchy. The first step is to allow private competition in the delivery of first-class mail and let the competitive forces of the marketplace determine the natural character of the industry.

The President's Council on Wage Price Stability has recently recommended that Congress abolish the private express statutes which prohibit competition in the carriage and delivery of first-class letter mail. This recommendation comes on the heels of a formal notice of the Postal Rate Commission, which was published in the Federal Register on October 22, 1975, for the purpose of soliciting comments on the impact and administration of the private express statutes. In a 66-page report, the Council expressed the view:

That permitting competition to the Postal Service's first-class mail service probably would result in significant benefits to the economy and to the mail user.

The Council concludes that:

In addition to promoting allocative efficiency, relaxation or repeal of the private express statutes might be expected to promote operating efficiencies within the postal system. It would likely stimulate innovation and changes in postal technology, and restrain increases in postal labor costs reflecting improved productivity.

At present, the private express statutes make it illegal to carry a letter for profit, to "knowingly convey" anyone carrying letters for profit, to give anyone letters to be carried for profit, or to use a letter box mail slot for privately carried mail for profit. If these statutes were repealed, or relaxed, the nature of the postal industry would change, of course, as new competitors entered the field. Although we cannot precisely predict the variety and extent of this competition, it is reasonable to assume that high volume businesses in the metropolitan areas would be particularly attractive to private carriers. According to the Council on Wage and Price Stability, about 51 percent of all first-class mail is generated by businesses, much of this is sent by high-volume businesses, such as utility companies, and "it is generally expected that this is the segment of first-class business that would be the initial target of new entrants."

Adjustments would have to be made concerning the Postal Service's loosely constructed classification schedule; and there would have to be some relaxation of the uniform first-class rate so that all segments of the population would be assured of continued service and equitable

treatment. In this regard, we must be especially mindful of the possibility that private carriers would be less attracted to rural delivery than urban delivery, and that there may be a need to continue the delivery of mail in the rural areas on a subsidized basis. Likewise, we must be on guard to protect the rights and interests of the postal employees themselves. If there is job dislocation or the threatened loss of employment benefits or pensions as a result of this legislation, then we must stand ready to take corrective action.

During the early phases of demonopolization, there will surely be problems, given the size and complexity of the postal operation. Not being omniscient, I cannot predict with accuracy each and every problem; but I am confident that we can deal with these problems as they arise, and take the necessary steps to correct them, so that all individuals and communities affected are assured of uninterrupted service and fair treatment. Without exploring in detail all of the changes that would have to be made if the private express statutes were repealed, suffice it to say that the Council on Wages and Price Stability expresses no serious reservations about the feasibility of making the mail more competitive.

As my colleagues are aware, there are already 11 privately owned postal services, carrying second-, third- and fourth-class mail in various parts of the country. These firms are continuing to attract business. The privately owned United Parcel Service, for example, has attracted so many customers away from the U.S. Postal Service that it now delivers more packages than the Postal Service. And no wonder. It damages only one package for every five damaged by the Postal Service, and its rates are lower. What is more, the United Parcel Service continues to make substantial profits, producing more revenue to the Government.

In retrospect, we should bear in mind, Mr. President, that there is nothing radically new or bizarre about competition in the delivery of the Nation's mail. During the first half of the 19th century, for example, private carriers flourished in America. In 1844, Senator James Simmons of Rhode Island estimated, while speaking on the floor that 20 letters were sent by private carriers for every letter carried by the post office, so extensive was the practice of private delivery at that time. The private express statutes are of relatively recent origin.

My amendment will allow private carriers to carry and deliver first-class mail, and it will abolish the principle of public ownership and control of mailboxes and mail slots, making them the private property of their respective owners.

This amendment repeals section 601 and 602 of title 39 of the United States Code, which prescribes certain criteria for letters not carried through the U.S. mails. It also establishes a new section 605, and expressly permits the carriage of mail by private express.

With respect to provision of the Federal Criminal Code that have the effect of prohibiting the private carriage of mail, section 1694 of title 18 of the United States Code makes it a crime to carry mail by private express; section 1695 makes it a crime to carry any mail on board a vessel other than through the Postal Service; section 1696 makes it a crime to carry mail by private express over an established postal route; and section 1697 makes it a crime for any one to transport a person who is carrying mail by private express.

Section 1725 of title 18 of the United States Code makes it a crime for any one to deposit any mail on which U.S. postage has not been paid in any mailbox established to receive U.S. mail. This amendment repeals sections 1694, 1695, 1696, and 1697, thereby eliminating these criminal penalties regarding the private carriage of the mail. It also repeals section 1725, in order to permit private express carriers as well as U.S. postal carriers, to deposit mail in mailboxes and mail slots. It is well to remember that mailboxes are bought and paid for by American citizens, and not by the Government, and that repeal of this section does not, therefore, involve any loss of Government property.

Finally, my amendment makes a technical, conforming amendment to sections 1698 and 1699 of title 18, which relate to the delivery of mail carried by vessel. These amendments simply exempt private carriers from the requirements imposed upon vessels carrying U.S. mail. The rationale, of course, is that the private carrier will henceforth negotiate with shipowners through contract, thereby eliminating the need for Federal law to set out the specifications for delivery.

The PRESIDING OFFICER. Who yields time?

Mr. FONG. Mr. President, I yield myself whatever time is needed.

This amendment provides that private firms can take over mail deliveries now exclusively entrusted to the Postal Service. Repeal of the Private Express Statutes would have a tremendously adverse effect on the Postal Service, and ultimately on the American public. The majority of postal costs are fixed costs, largely unrelated to mail volume. If the volume were to decline significantly due to such an action, the fixed cost would remain to be apportioned over fewer pieces of mail. The result would be considerably higher postage prices. Private

companies would, most assuredly, concentrate on service to high density areas and large volume business mailers.

In other words, there would be cream-skimming by private carriers that would take the more profitable areas and leave the unprofitable areas lone, whereas the Postal Service would be forced to take everything. Individuals, particularly those outside metropolitan areas, would not have alternate services available to them and would, consequently, bear the burden of increased postage rates. There are a myriad of other implications associated with repeal of the statutes, ranging from the problems of tying numerous private firms into the international mail system to controlling the use of mails for criminal purposes.

And may I say, Mr. President, that with the Postal Service now running an operating deficit, by cream-skimming the more profitable part of its business, that is, in the metropolitan areas where private enterprise could go in and probably perform the service much cheaper than the Postal Service, because it does not have all of the public service charges and the public service operating expenses because it need not go to far-flung portions of the Nation to deliver the goods, they could cream skim the really profitable part of the business of the Postal Service, and in this respect, if they cream skim the profitable section, then the Postal Service will be called upon to pick up the slack, and persons in-outlying areas will be called upon to pay more for their postal rates, and in this regard I do not think it is a good thing.

I think where there is a monopoly in this area, there is a tendency to have a cheaper service, and by having one carrier doing the job and doing it exclusively, without anybody coming in to take the more profitable portions of the business, we would have a better system. From that standpoint we oppose this amendment.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. HELMS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 10 minutes.

Mr. HELMS. I yield the Senator as much time as he desires.

Mr. FANNIN. I thank the distinguished Senator from North Carolina.

I have great admiration, Mr. President, for the distinguished Senator from Hawaii. I know he is respected, and certainly he is to be commended for the excellent service that he has rendered as the ranking Republican member of the Post Office and Civil Service Committee.

I do agree, though, with the distinguished Senator from North Carolina that there are tremendous problems facing the U.S. Postal Service.

Mr. President, I am pleased to co-sponsor the amendments offered by Senators HELMS and BUCKLEY to H.R. 8603, the Postal Reorganization Act Amendments of 1976.

The effect of these amendments would be to end the Postal Service's monopoly on first class mail deliveries and on the use and control of mailboxes and mail slots. This would be done by: First, repeal of the private express statutes so as to allow private carriers to carry and deliver first-class mail; and second, abolishing public ownership and exclusive control of postal boxes, making them the private property of their owners-users and permitting other carriers, as well as U.S. postal carriers, to deposit mail there.

Mr. President, we are all aware of the tremendous problems facing the U.S. Postal Service. I am sure that my colleagues have received from their constituents the same kind of angry letters I have received from Arizonans complaining about the operations of the Postal Service and the recent increases in postal rates.

I think that we can all agree on that. But people do not understand why the rates keep rising and the quality of the service continues to decline and the efficiency declines. I share their concern.

I also agree with those who say that the Postal Service should be required to pay its own way. Unfortunately, since passage of the Postal Reorganization Act, our postal system has failed to function well, either as a business or a public service, and I do feel that a little competition may be very helpful rather than derogatory.

The proponents of H.R. 8603 would have us believe that a simple authorization of another \$1 billion to be applied against accumulated operating indebtedness and another special commission study of postal problems will be sufficient to clear up the present postal mess. Moreover, under their proposal the Postal Service would not be permitted to raise rates or curtail existing services—in fact, door and curbside deliveries would be mandated.

However, nowhere in H.R. 8603 or in the Post Office Committee's majority report one find the sponsors recommending any fundamental reforms in postal operations. Nowhere do they urge or suggest the implementation of specific changes to improve postal services. Their bill also fails to insure accountability to the taxpayers who are expected to foot the bill for this emergency \$1 billion subsidy. It should be clear to all that in

2 years, without substantive reforms, the Postal Service will be right back where it was before. We can expect that the Postal Service will come to Congress to plead for another \$1 or \$2 billion to bail itself out of its continuing difficulties.

Mr. President, wholesale reform of our Nation's postal system is called for and long overdue. The present Postal Service crisis has become intolerable. Taxpayers are sick and tired of footing the postal bill while postal services deteriorate and postal rates continue to spiral. The people are demanding real change, not cosmetic reform.

Mr. President, I feel that what the distinguished Senator from North Carolina judged in his amendment is very much needed.

Transitional subsidies may prevent a temporary disruption of postal operations, but would not provide long-range improvements in those operations.

I think the Senator from North Carolina realizes that. A moratorium on increased rates and service cuts would insure only continued incompetence and bureaucratic inefficiency throughout the postal system.

I certainly commend the Senator from North Carolina for wanting to get the Postal Service in a position where it must render good service to be competitive if they are going to justify their existence. Bringing the Postal Service back under congressional control, as proposed by some critics, would only subject the system once more primarily to political rather than economic considerations. Such control did not work before; in fact, it worked so badly that reorganization was widely welcomed. I also question whether increased subsidies or higher mail rates will be sufficient to improve postal services or meet the mounting deficit.

Mr. President, under the circumstances perhaps the answer is to end the Postal Service's monopoly on first-class mail delivery. Congress should give serious consideration to an approach which, at the very least, shows greater promise than the legislative proposals contained in H.R. 8603, namely, to continue subsidies for an indefinite period to rural and small post offices to keep them open until they can pay for themselves while permitting free competition in the delivery of all classes of mail. That is why I am pleased to cosponsor a bill, S. 3025, to repeal the private express statutes and now to support the Helms amendment to H.R. 8603. In my view, if the Postal Service were run as efficiently as private business, an American could mail a letter for much less than 13 cents and be sure it would arrive safely, speedily, and in one piece. That certainly is not asking too much.

Mr. President, it should be pointed out that the reforms contained in the Buckley and Helms amendments and incor-

porated in S. 3065 follow closely the recommendations of the President's Council on Wage and Price Stability. The Council suggested that study be given to repeal of legislative barriers to free entry into mail delivery and concluded that strictly local mail would be the initial target of new entry. These reforms would not in any way affect Postal Service delivery to rural or urban areas, eliminate rural post offices, or affect the security or privacy of mail deliveries. Rural postal service would continue under the U.S. Postal Service; moreover, in the view of the Council on Wage and Price Stability, there would be sufficient relaxation of uniform first-class rates to make such service more attractive and competitive.

Mr. President, when we are talking about what is happening in this Nation, there are already 11 privately owned postal services carrying second, third, and fourth class mail in all regions of the Nation. United Parcel Service, for instance, does such a good job that it now delivers more packages than the Government mail service. Little wonder that Federal agencies prefer to utilize UPS than to rely on the free, but unreliable services of the USPS.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. FANNIN. Mr. President, will the Senator yield me 1 additional minute?

Mr. HELMS. How much time do I have remaining?

The PRESIDING OFFICER. The Senator from North Carolina has 7 minutes remaining.

Mr. HELMS. I yield as much time as the Senator requires.

Mr. FANNIN. I thank the Senator.

A number of local government officials have complained about the problems they have in delivering utility bills and statements to customers in light of Postal Service restrictions. In my own State of Arizona, recently, Mayor Hance of Phoenix urged support for legislation permitting the city to drop its bills in mailboxes and slots. In my opinion, exclusive USPS control of mailboxes and slots is unreasonable and costly to businesses and consumers.

Ending the Postal Service's monopoly by adopting the amendments that are being offered this afternoon by Senator HELMS and Senator BUCKLEY would seem to make good economic sense.

For these reasons, I urge my colleagues to support the Helms and Buckley amendments to H.R. 8603. If these amendments are not adopted, I shall have great difficulty supporting the postal bill. I cannot, in good conscience, vote for increased funding to bail out the U.S. Postal Service without also requiring reform in postal operations and insuring improvements in service.

Mr. President, I ask unanimous consent that the article by the distinguished Senator from Arizona (Mr. GOLDWATER),

entitled "How Postal Costs Endanger America's Reading Habit," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW POSTAL COSTS ENDANGER AMERICA'S
READING HABIT

(By Barry Goldwater)

A serious threat to the American reading public has gone almost unnoticed. The news media, possibly out of self-consciousness, have conveyed little information to the public about the problem, treating it more as in-house business than as the legitimate news story it really is.

But haunting the American press today are monstrous increases in the cost of sending its product in the mails. This financial burden on the press endangers its very existence as a diverse, numerous and independent institution.

As a result of the reform of the old Post Office Department from a governmental unit into a quasi-independent, private business known as the U.S. Postal Service, the rate for mailing publications has shot up drastically. At one point in 1975, the ruling of a single administrative law judge for the Postal Rate Commission threatened to increase mailing rates for local newspapers by 250 per cent, books by 96 per cent, magazines by 121 per cent and nonprofit publications by 132 per cent.

Although the Rate Commission did not adopt the recommendations of the law judge in full, stunning increases are nevertheless scheduled under two decisions already made by that body. For example, the rates currently paid by magazines and metropolitan newspapers have doubled since 1971, when the Postal Service began operations. As a result of the most recent rate decision and new Postal Service proposals, the average rate paid by these publications will be nearly four times greater than what they were in 1971. In dollar terms, these magazines and newspapers paid \$128 million to the Postal Service in 1971, and they will pay more than \$450 million in 1979. Average rate increases for nonprofit publications will be up 700 per cent to 1000 per cent by 1981!

The impact of these increases can be disastrous to publications trying to keep their economic heads above water. Many nonprofit and profit magazines and newspapers that depend on mail delivery will simply fold up. Libraries will be forced to curtail their book-by-mail services and their book purchases (The total circulation of newspapers and magazines in the mails is almost 9 billion issues a year; half the books purchased by American libraries are delivered by mail).

It's the general public that stands to suffer the most. And remember, our society is based upon the premise that a self-governing people will receive the knowledge and information that is necessary for us to make responsible decisions.

And if churches find it too expensive to distribute religious materials in the mails, if retired persons' groups are unable to meet the cost of mailing news bulletins to their membership, if schools must trim mail purchases of classroom publications because of higher rates, or if small-circulation newspapers that meet the special needs of local communities disappear, who can predict what

the impact upon the culture of the American people might be?

With this in mind, I sponsored legislation with other members of Congress, eventually enacted, phasing large postal rate increases on mailers of publications over a longer period of time than originally mandated by the Congress when it changed the postal structure. "For-profit" magazines, newspapers and books are given until 1979 to adjust to the rising postage rates. Nonprofit publications are allowed until 1988 to cope with these increases. In other words, mailers of publications will pay the full rate of all postage increases by the end of their respective adjustment times, but instead of having to meet what is in effect several years of increases in a single year, publications will be given a reasonable period of time for absorbing the costs. During the phasing period, Congress is to appropriate for the Postal Service budget the difference between the rate actually paid by mailers and the rate which would have been paid absent the phasing.

The bill's sponsor's had inserted language in the legislation which they believed would make the annual appropriations process nearly automatic, but did not count on the resourcefulness of the Office of Management and Budget in defending what they believe is an executive prerogative. So it shall be my aim to persuade Congress and the President to carry out the commitment we made in putting the law on the books by funding the phasing program each year until it ends.

How can a political conservative who ordinarily is skeptical of more public spending support this program? Basically there are six grounds which appear compelling:

First, no permanent federal payments are provided. By 1988, all publications will be paying the entire amount of all postage increases.

Second, the rate increases were unanticipated and unforeseeable consequences of action taken by the government when it transformed the old Post Office Department into the Postal Service. Instead of stabilizing postal costs as Congress expected, the change created a postal nightmare in the form of alarming rate increases.

Third, the increases are beyond the control of mailers, and not the result of bad business judgment by publishers.

Fourth, there is solid proof that mailers have made every feasible effort they could to cope with increased mailing rates by implementing numerous cost-cutting measures which verge on affecting the very nature and equality of the publications being mailed.

Fifth, the circulation of the printed word in the mails has historically been treated as a public service which should be promoted by the government.

Sixth, this is an area in which the subject of free speech, and all that means to the general public and our way of life, is truly involved.

Does aid from the government in this case hold any possibility of undermining the freedom of the press? With the historic acceptance of the press by the American people as a fundamental component of our liberty, there can be no serious fear that our press would yield its independence for a chance to feed at the public trough. The press in the United States would reject public aid long before it became too pervasive. The American public would never accept press aid at a level where it would approach the danger

point—even if a rare publication could be found that would accept it.

Thomas Jefferson once wrote that "were it left to me to decide whether we should have the government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter." His words do not end there, as is a common misconception, but with the added warning that "I should mean that every man should receive those papers, and be capable of reading them." Media historian John Tebbel writes: "Jefferson understood that the effectiveness of the press in a democracy is in proportion to the number of people who are able to read its publications and take the time to do it."

A relatively small amount of public funds is needed to provide time in which American publications can adjust to steep increases in postage rates. Surely this program is deserving of the support of all who support freedom.

Mr. FANNIN. I thank the Senator.

Mr. FORD. Mr. President, will the Senator yield for a question?

Mr. FANNIN. I yield.

Mr. FORD. Is the Senator saying that this amendment will allow private carriers to move to an area, any area they want, that they can pick and choose the area they want to go into and take over a profitable area and leave the unprofitable area to the U.S. Postal Service? Is that what he is supporting here? Is that what he is saying?

Mr. FANNIN. I am supporting the Helms amendment which would permit competition, and when we talk about the areas they move or would not move into I think that if we have the proper postal service there will not be any incentive for the company to move into those areas.

Mr. FORD. As I understand it, what this amendment will do is a private carrier can pick and choose and pick the area where he is going to make good money and that would eliminate the ability of the U.S. Postal Service to at least have that profitable area which will allow all the private operators to come in and pick up the profitable areas. Then we are just going to leave the U.S. Postal Service with the most expensive area in which to operate.

Mr. FANNIN. Excuse me. I did not mean to interrupt the Senator from Kentucky. But the Senator from Arizona feels that if the U.S. Postal Service renders the proper service and does what certainly under the intent of Congress it should do it will not be necessary to move into those areas as far as that is concerned because I will say this. Certainly we all must be realistic. There are many areas of the country where it would be very advantageous for them to operate and render a service that is not being rendered beneficially today, and that means that they are not going to cover every area of the country. I do not think that is of great significance because they still—

Mr. FORD. I think it is because all I have heard in argument in the Chamber is how much money the Postal Service loses. Yet we have an amendment here that is going to take away their ability to make some money. It is going to cost the Government even more.

Mr. FANNIN. I think the Senator from Kentucky is aware why they have lost the money. It has been through inefficiency based upon the way they operate. In my State I can certainly confirm that they have not justified their exclusive franchise that they, of course, have, and I do not feel that that should be continued. I feel that competition is going to be very beneficial, and I certainly support the Helms amendment.

Mr. HELMS. Mr. President, if the Senator will yield, the United Parcel Service is itself an answer to the distinguished Senator from Kentucky. The UPS provides service throughout the land.

This amendment simply gives Senators an opportunity to go on record as to whether they truly believe that competition increases efficiency and thereby lowers the cost of the service. It is as simple as that.

Most of what we have heard here today is quite irrelevant. It is really a matter of whether we believe in the free enterprise system, is it not?

Mr. FANNIN. That is correct.

Mr. HELMS. That is all there is to it when we put the red herrings to one side. The United Parcel Service has demonstrated that a service can be rendered more efficiently, at less cost, and without any damage to the Postal Service.

All we want is for the Postal Service to get on the ball and become an efficient mechanism. That is what we seek, is it not?

Mr. FANNIN. Absolutely.

In many areas of private industry today they make more money in one area of the country than in other areas of the country. That does not mean there are not companies operating in other areas of the country.

I feel this would be very beneficial as far as challenging the Postal Service to give better service and certainly not increase rates.

I thank the distinguished Senator from North Carolina.

Mr. HELMS. Just as United Parcel Service provides good service to Chinquapin, N.C., so will a competitive private carrier provide first-class-mail service to Chinquapin, N.C. So we are talking about whether we believe in a free enterprise system and whether we believe that competition will best serve the American people.

I reserve the remainder of my time, Mr. President.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, how much

time remains on this side?

The PRESIDING OFFICER. Ten minutes.

Mr. McGEE. Mr. President, this proposal literally guts the Postal Service of the United States under any guise.

There is not a country in the world that does not have a national monopoly on the postal service. To repeal the private express statutes simply destroys one of the keys to its existence, and that is equal service without penalty to geographical locations, where one lives, what State it is in, and how far away it is. That was a basic concept.

The only way one can extend that equality of service at the same price is through the protection of the private express statutes. That is the whole nub of it.

Of course, one can have a private indulgence in a very heavily populated area or an area where they can make frequent stops. The price immediately goes up and while they have efficiencies it is easy to be efficient with the cream, literally with the cream. But this is the heartbeat of a national postal service, a part of the symbol of which is the flying of the flag of the United States over the only institution in three-fourths of the small communities of America that remind them that indeed this is, as President Washington said, "a chain that binds the country together."

And I think it is an important fact in that regard. It is important in the service it renders to mailers, to beneficiaries of magazines and books that tie people together to the ease of first class mail.

The privacy of the first class mail concept is really what is at stake as well. That, likewise, is the harbinger of the same principle that we believe sustains the Postal Service. The committee would vigorously oppose this amendment and feel compelled to do so, and I am sure for understandable reasons, I say to the Senator from North Carolina.

Mr. FONG. Mr. President, will the Senator yield?

Mr. McGEE. I yield.

Mr. FONG. Is there open competition so far as electricity is concerned?

Mr. McGEE. In most cases, no.

Mr. FONG. And telephone service?

Mr. McGEE. In most cases, no. There are small exceptions.

Mr. FONG. This is a monopoly, is it not?

Mr. McGEE. That is correct.

Mr. FONG. Because it is to the benefit of the public that we have a monopoly in certain cases. In this instance, we have a monopoly so far as the post office is concerned.

Mr. McGEE. There is no private sector that is comparable to the Postal Service.

Mr. FONG. Because they cannot reach the rural areas.

Mr. McGEE. They cannot go into the remote areas.

Mr. FONG. If there is competition, the competition will steal the best parts of the business and will leave the other parts.

Mr. McGEE. That is correct.

Mr. FONG. It will mean more cost to the people of the United States.

Mr. McGEE. The unification of a national monopoly in the mails has many great advantages in the sense of national consciousness, national awareness, national service—everything. We could not have that through the private sector.

Mr. FONG. The distinguished Senator from Arizona stated that mail cost is high. What does the Senator from Wyoming say as to that?

Mr. McGEE. Mail cost is not high. Our first-class mail rate is about the cheapest in the world, save Canada. The average is 21.5 cents around the world.

Mr. FONG. And in Australia it is 22 cents.

Mr. McGEE. In terms of the kind of service we would get from a private group, we would find that it would be perhaps a bargain in a very heavily congested area and it would be a hold-up in areas where the population mass went below the profit point. That is in most of America.

Mr. FONG. In West Germany, it is 19.5 cents.

Mr. McGEE. And ours is 13 cents.

Mr. FONG. In the United Kingdom, it is 17.3 cents; in Australia, 22.9 cents; in Belgium, 16.7 cents; in France, 18 cents; in Japan, 16.6 cents; in The Netherlands, 20.7 cents. Ours is only 13 cents, for first class mail. Is that correct?

Mr. McGEE. That is correct.

Mr. FONG. And we have a very reasonable cost system.

Mr. McGEE. In any case, it is equitable across the board, because no area or no resident is penalized because of location.

Mr. FONG. If this amendment is enacted into law, it will mean more than 13 cents for first class mail.

Mr. McGEE. That is correct.

Mr. HELMS. Mr. President, I have never been double teamed by two finer Members of the Senate. However, I still say, with all due respect to them—and I greatly admire them both—that they appear to be expressing timidity about letting competition work.

Moreover, unwittingly, they are using the very same argument that every monopolist has ever used: We cannot dare let competition work. All manner of horrible things will happen. But, as a matter of fact, competition is what built this country.

Mr. President, I yield back the remainder of my time.

Mr. McGEE. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington, Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), the Senator from California (Mr. TUNNEY), the Senator from Iowa (Mr. CLARK), and the Senator from Montana (Mr. METCALF) are necessary absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) and the Senator from Washington (Mr. MAGNUSON) would each vote "Nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) is necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from Utah (Mr. GARN is absent due to a death in a family.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "Yea."

The result was announced—yeas 6, nays 82, as follows:

[Rollcall Vote No. 521 Leg.]

YEAS—6

Buckley	Helms	Scott,
Fannin	Laxalt	William L.
Goldwater		

NAYS—82

Abourezk	Eagleton	Mansfield
Allen	Eastland	Mathias
Baker	Fong	McClellan
Bartlett	Ford	McClure
Bayh	Glenn	McGee
Beall	Gravel	McGovern
Bellmon	Griffin	McIntyre
Bentsen	Hansen	Montoya
Biden	Hart, Gary	Morgan
Brooke	Hart, Philip A.	Moss
Bumpers	Hatfield	Muskie
Burdick	Hathaway	Nelson
Byrd,	Hollings	Nunn
Harry F., Jr.	Hruska	Packwood
Byrd, Robert C.	Huddleston	Pastore
Cannon	Humphrey	Pearson
Case	Inouye	Pell
Chiles	Jackson	Percy
Church	Javits	Proxmire
Curtis	Johnston	Randolph
Dole	Kennedy	Ribicoff
Domenici	Leahy	Roth
Durkin	Long	Schweiker

Scott, Hugh	Stevenson	Tower
Sparkman	Stone	Weicker
Stafford	Symington	Williams
Stennis	Taft	Young
Stevens	Talmadge	

NOT VOTING—12

Brock	Garn	Metcalf
Clark	Hartke	Mondale
Cranston	Haskell	Thurmond
Culver	Magnuson	Tunney

So Mr. HELMS' amendment was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

Mr. HELMS. Mr. President, I yield to the distinguished Senator from Louisiana (Mr. LONG).

POSTAL REORGANIZATION ACT AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

The PRESIDING OFFICER. Under the previous order, the Senator from North Carolina (Mr. HELMS) is recognized to present his amendment.

AMENDMENT NO. 2070

Mr. HELMS. I thank the Chair.

Mr. President, I have an amendment at the desk, No. 2070, which I call up and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. HELMS) proposes amendment numbered 2070.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following:
Sec. 9. (a) Section 1346(b) of title 28, United States Code is amended—

(1) by inserting "(1)" immediately after "(b)"; and

(2) by adding at the end thereof the following new paragraph:

"(2) subject to the provisions of chapter 171 of this title, the district courts, together with the United States District Court for the District of the Canal Zone and the District Court of the Virgin Islands, shall have exclusive jurisdiction of civil actions on claims against the United States for money damages arising out of the loss, miscarriage, or negligent transmission of any mail matter by any employee of the United States Postal Service while acting within the scope of his office or employment, under circumstances where the United States, if a private person,

would be liable to the claimant in accordance with the law of the place where the act or omission occurred. In any such civil action, in which the length of the period for the transmission of any mail matter is a factor, a prima facie case and a rebuttable presumption of negligence, omission, or a wrongful act shall be established if the plaintiff offers evidence of the date on which such mail matter was delivered to the United States Postal Service for transmission and the date on which the addressee received such mail matter from the United States Postal Service, and evidence with respect to the unreasonableness of the length of the period between delivery to the United States Postal Service and receipt by the addressee."

(b) Section 2680(b) of such title is amended to read as follows:

"(b) Any claim for money damages for the replacement or repair costs of any mail matter arising out of damage to or loss of such mail matter as a result of loss, miscarriage, or negligent transmission of such mail matter and any claim arising out of the loss, miscarriage, or negligent transmission of any mail matter as a result of a strike by employees of the United States Postal Service, warfare, a natural disaster or catastrophe, or an epidemic."

(c) The amendments made by this section apply to claims arising on and after the date of enactment of this Act.

Mr. HELMS. Mr. President, I think that Senators will agree that the American people, almost as a single voice, are now demanding a meaningful reform of the U.S. Postal Service—a comprehensive restructuring of an integral part of the Federal Government which is an embarrassment and frustration to this entire Nation. I am indeed gratified that this long-needed reform is now the topic of serious and sincere discussion in the Senate.

Mr. MANSFIELD. Mr. President, may we have order?

The PRESIDING OFFICER. Will the Senator suspend? May we have order on the floor so that Senators may hear the debate. The Senator may proceed.

Mr. HELMS. I thank the Chair.

While I am sure the intent of the pending legislation is commendable, I feel that it fails to address itself to a serious problem which deserves to be considered by the Senate today.

Mr. President, I suspect that every Member of the Senate is being constantly bombarded with literally hundreds of complaints regarding the operations of the Postal Service. Many of these complaints are concerned with the needless monetary losses brought upon businesses and individuals by the Postal Service.

Let me recite just two examples of small businesses and citizens in my State helplessly penalized by the Postal Service. The first example is contained in excerpts from a letter dated June 9, 1976:

On May 14 a check for White Furniture Company was mailed from Chase Manhattan Bank in New York to Central Carolina Bank here in Mebane. The check was for \$15,000. The post office still has it. This is a total of 26 days.

This gentleman was writing on June 9, 1976, as follows:

On April 30, Duke Power Company mailed White Furniture Company an electric bill. The bill was received May 5.

Let me repeat those two dates, Mr. President. The bill was mailed on April 30. The bill was received on May 5.

It was paid promptly (amount \$7,221.05) and the check was mailed to Duke Power Company; however, the post office still has it. Yesterday, we stopped payment on this check. We received a bill from Duke Power Company for our May bill and they added 1% for late payment in the amount of \$72.21...

The above was just a couple of the more glaring, more expensive, post office "services" that have been experienced here recently; there are numerous others which are unnecessary to mention. By the way, we didn't trust the post office to deliver our most recent check to Duke Power Company; I personally took it to the Mebane Duke Power Company Office and handed it to the manager.

Mr. President, the second example, also contained in a letter, is dated April 6, 1976. I quote:

On March 24, 1976, we delivered to the Greensboro, North Carolina, Post Office 187 bags of mail, weighing 7,334 pounds. Each bag was properly coded and mailed in accordance with postal instruction under our bulk rate permit No. 8.

All Greensboro, North Carolina, items were bagged by zip code direct.

The delivery of this mailing to some of our own employees in Greensboro, North Carolina, was made over a period of several days with deliveries being made on Friday, March 26; Saturday, March 27; Monday, March 29; Tuesday, March 30 and Wednesday, March 31.

No mailings were received in our home office in Greensboro, North Carolina, until Tuesday, March 30.

Secretaries in my office who live in nearby communities of Franklinville, North Carolina, and Stoneville, North Carolina, still have not received their annual reports as of April 6.

In other words, Mr. President, this mailing, all of which was delivered to the Post Office on March 24, 1976, took varying amounts of time ranging from 2 days to 2 weeks to be delivered in the same community, if it was delivered at all.

Mr. President, these two examples simply point out a continually growing problem of which I am confident all Senators are aware. It is one thing when our Postal Service makes things uncomfortable, but when it begins causing businessmen and individuals to be monetarily penalized for something over which

they have absolutely no control, then we have a situation where simple fair play demands immediate action. It is the small businessman, that class of entrepreneur, that cannot afford alternative forms of delivery and cannot afford monetary penalties, who is suffering as a result of postal mismanagement and congressional inaction.

Mr. President, we must give the people of this Nation a tool by which to recover damages suffered due to an unreliable Postal Service. The Postal Service, of course, denies it is unreliable. What this amendment now pending does is to take the Postal Service at its word. If it is reliable, as it claims to be, if claims of mismanagement are exaggerated, which they say they are, then the right of redress granted by this amendment should be of minor consequence to the Postal Service.

The amendment I am offering will provide the citizens of this Nation with a tool by which to make the Postal Service truly what it says it is: a service. This amendment will give the average citizen the right to maintain a suit under the Tort Claims Act against the U.S. Postal Service and/or the United States for negligence in the delivery of mail. This newly created liability would be restricted to delayed or incorrect delivery and would not involve liability arising from damaged parcels, which are presently covered by an optional insurance system. For example, when a citizen mails an important letter to a destination that would normally involve a 2- or 3-day delivery period and the Postal Service does not deliver the letter until 2 or 3 weeks, or months, following the mailing of the same, and the citizen suffers a monetary loss as a result of the delay, a claim for relief would lie against the Postal Service for any provable — provable — actual damages suffered.

George Washington once referred to the Postal Service as "a chain that can never be broken."

I think that chain is being taxed rather strenuously, Mr. President, by the inefficiency of the Postal Service as it is now operated.

But, in any case, this amendment would strengthen a vital link of that chain.

I urge adoption of the amendment, and I reserve the remainder of my time.

Mr. FONG addressed the Chair.

The PRESIDING OFFICER (Mr. BUCKLEY). The Senator from Hawaii.

Mr. FONG. Mr. President, we oppose this amendment very vigorously.

What the distinguished Senator is asking is this, for one dime and 3 cents one can sue the Government for damages. That is what he is really saying. For 13 cents, for a postage stamp that costs 13 cents, we put it on an envelope

and if anything goes wrong we have a suit against the Government. Thirteen cents and we have a suit against the Government.

If we have an efficient Postal Service, for example, and we are now processing 19 million pieces of mail, if 99.9 percent is efficiently delivered and only 0.1 percent—or .01 percent—is undelivered, what have we got? We may have 19 million lawsuits against the United States.

What does that mean? That means, to protect itself, the post office would have to know when every piece of mail that is dropped, is delivered, because it has to protect itself. The man or woman who received the mail would say, "I received this mail 10 days after it was stamped." The post office would have no way of saying they did not receive it on the day after it was postmarked.

So the post office would have to register or keep a record of every piece of mail that is thrown into its box and every piece of mail that is delivered. That is a tremendous burden.

If we are going to have lawsuits there will be claims, and claims will be paid. That means that the 13-cent stamp will be increased to take care of the cost of paying for this lawsuit. Then we will have everyone paying a larger amount for postal service.

Presently, we have insured mail. If a person wants to be protected, he can insure his mail. If he wants to register his mail, he can register his mail. He has the option of an experimental express mail option 5, which offers overnight delivery between major cities with a money-back guarantee, or control pack, which gives special security treatment to a postal customer's large mailing.

If a person wants security, he can have security by having his mail insured. Why subject everyone in the country to larger mail costs just to give him a chance to sue the Federal Government?

Every man should have the right to choose by what his particular needs are. In that case, if he does not want that service, he should not be forced to take that service. If we provide a suit against the Federal Government, necessarily he must pay added cost.

This amendment will create the possibility of a tremendous increase in the number of court suits brought each year against the Federal Government. I do not think the Federal Government is equipped to defend itself against the tremendous number of lawsuits which can be generated.

As I said, if we had only 0.01 percent of the mail misdirected, we would have 90 million lawsuits against the United States. Every person having paid 13 cents will have a lawsuit against the United States.

Mr. McGEE. Will the Senator yield?

Mr. FONG. I yield.

Mr. McGEE. I asked the Senator to yield because he has made a very blunt case for the committee having to oppose this, particularly in this particular setting. This is a serious proposal with many ramifications attached to it, and it is presented without hearings. Our committee has had no hearings on it. As a matter of fact, I do not even think it is in our jurisdiction. I am told that there is such a proposal pending before the Judiciary Committee. That is their baby properly, I think, in a jurisdictional sense. But they have not had a chance to hold their hearings and to evaluate this. In that depth surely a move without hearings would not be well advised. I think the Senator might withdraw the amendment after this colloquy so he could pursue the proper legislative channels in its consideration.

Mr. FONG. I do not think a patron could seriously consider that for 13 cents he can sue the Government.

Mr. HELMS. But a patron can go into the lobby of a post office to buy a 13-cent stamp, slip on a slippery floor, and sue the Government.

The Senator from Hawaii has all sorts of statistics. But only a very small amount of misdirected letters involve probable monetary loss. Further the burden of proof is upon the plaintiff, as the Senator knows.

Mr. FONG. But the Senator has a presumption of negligence which is rebuttable.

Mr. HELMS. That is correct insofar as it is necessary to establish the *res ipsa loquitur* principle. But I do not believe it would be awesomely difficult for the Postal Service to demonstrate whether it is or is not efficient, as it says it is by going back to the cancellation stamp.

I think the citizens of this country, since we are talking about an efficient postal system, are entitled to know where the Senate stands on this question. We have citizen after citizen writing to us—and I am sure the Senator from Hawaii has had the same experience—saying, "This incident has cost me hundreds or thousands of dollars because of the inefficiency of the post office." These people are not manufacturing these incidences. They are just not getting the service.

Mr. FONG. He could insure his mail if he wished to.

Mr. HELMS. Does the Senator really want to go that far? All we are talking about is achieving efficiency in the Postal Service. We do not have it now, because there is no incentive. We have labor unions running the Postal Service.

Mr. FONG. I disagree that we do not have efficiency in the Postal Service. If the Senator will look at the overall picture, the Senator will see that they have reduced the number of employees by almost 65,000. They have saved about \$600

million a year in costs. I think they have done a pretty fair job.

Mr. HELMS. As a matter of fact, a great deal of the criticism of the Postal Service that I receive comes from postal employees who have to try to operate it as it is now functioning, or malfunctioning as the case may be. So I am not criticizing those hardworking people who are doing the best they can.

Mr. FONG. When we consider that there are 90 billion pieces of mail that go through the post office every year, if only 1 percent went haywire, we will have 900 million complaints. The Senator can see the enormity of this problem.

Mr. HELMS. I sometimes think I have had half of those 900 million complaints in my office in the last 6 months. I do not know what the proportion is for the other States, but we are having a great number of complaints.

Mr. FONG. If there are 1 million complaints, that is a lot of complaints. If there is 1 percent of all mail not being delivered at the right time or which has gone astray, the Senator will find that there are 900 million pieces going awry. I do not think we have that kind of criticism.

Mr. HELMS. Mr. President, if the Senator has no further comment after obtaining the yeas and nays I will yield back the remainder of my time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. FONG. I yield back the remainder of my time.

Mr. HELMS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from North Carolina. The yeas and nays have been ordered and the clerk will call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) and the Senator from Washington (Mr. MAGNUSON) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is ab-

sent on official business.

I further announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "yea."

The result was announced—yeas 9, nays 79, as follows:

[Rollcall Vote No. 522 Leg.]

YEAS—9

Case	Kennedy	Scott,
Durkin	Mathias	William L.
Fannin	McClure	Stafford
Helms		

NAYS—79

Abourezk	Gravel	Muskie
Allen	Griffin	Nelson
Baker	Hansen	Nunn
Bartlett	Hart, Gary	Packwood
Bayh	Hart, Philip A.	Pastore
Beall	Hatfield	Pearson
Belmont	Hathaway	Pell
Bentsen	Hollings	Percy
Biden	Hruska	Proxmire
Brooke	Huddleston	Randolph
Buckley	Humphrey	Ribicoff
Bumpers	Inouye	Roth
Burdick	Jackson	Schweiker
Byrd,	Javits	Scott, Hugh
Harry F. Jr.	Johnston	Sparkman
Byrd, Robert C.	Laxalt	Stennis
Cannon	Leahy	Stevens
Chiles	Long	Stevenson
Church	Mansfield	Stone
Curtis	McClellan	Symington
Dole	McGee	Taft
Domenici	McGovern	Talmadge
Eagleton	McIntyre	Tower
Eastland	Metcalf	Welcker
Fong	Montoya	Williams
Ford	Morgan	Young
Glen	Moss	

NOT VOTING—12

Brock	Garn	Magnuson
Clark	Goldwater	Mondale
Cranston	Hartke	Thurmond
Culver	Haskell	Tunney

So Mr. HELMS' amendment (No. 270) was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

POSTAL REORGANIZATION ACT
AMENDMENTS OF 1976

The Senate continued with the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes.

AMENDMENT NO. 2125

Mr. BUCKLEY. Mr. President, I call up my amendment No. 2125 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New York (Mr. BUCKLEY) proposes amendment numbered 2125.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . (a) Chapter 6 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 607. Use of letter boxes by private carriers

"(A) A private carrier of mail may deposit any mailable matter in any letter box established, approved, or accepted by the Postal

Service for the receipt or delivery of mail matter on any mail route.

"(b) For the purposes of this section, the term 'mailable matter' does not include any matter, which with respect to the Postal Service is nonmailable under section 3001 (a) and (e), 3002-3006, and 3008-3010 of this title."

(b) The table of sections for such chapter is amended by adding at the end thereof the following new item:

"607. Use of letter boxes by private carriers."

(c) Section 1725 of title 18, United States Code, is amended by inserting "(a)" immediately before "Whoever" and by adding at the end thereof the following new subsection:

"(b) This section shall not apply to a private carrier authorized to deposit mail in a letter box under section 607 of title 39."

(d) (1) Chapter 83 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 1738. Deposit of nonmailable matters

"Whoever knowingly and willfully deposits any matter which is nonmailable with respect to the Postal Service under section 3001 (a) and (e), 3002-3006, and 3008-3010 of title 39, in any letter box established, approved, or accepted by the Postal Service for the receipt or delivery of mail matter on any mail route, shall for each such offense be fined not more than \$300."

(2) The table of sections for chapter 83 of title 18, United States Code, is amended by inserting at the end thereof the following:

"1738. Deposit of nonmailable matter."

Mr. BUCKLEY. Mr. President, this amendment is a simple one. It would serve to allow private carriers now authorized to deliver mail to deposit mailable matter in letterboxes.

The intent of my amendment is three-fold:

First, to guarantee the safety of all mail;

Second, to establish rightful control over a letterbox; and

Third, to end the discrimination levied against private carriers of the mail.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct.

The Senate will be in order.

The Senator may proceed.

Mr. BUCKLEY. Mr. President, I wish to make clear that my amendment will not permit the deposit in mailboxes of mail declared illegal by the Postal Service under sections 3001 (a) and (e), 3002 through 3006, and 3008 through 3010 of title 39, United States Code. I speak of such "nonmailable matter" as: Mail bearing a fictitious address, unsolicited advertisements for contraceptives; delivery of mail to persons not residents of that place for the purposes of escaping identification; and certain pandering and sexual advertisements.

My amendment subjects private carriers to the same penalty, namely prosecution and fine, that postal employees and the general public presently face for violation of these statutes.

Mr. President, in spite of the fact that an individual buys, installs, and maintains a mailbox at his residence, it is legally the property of the U.S. Government. The Postal Service is the sole determiner of what may be deposited into it. I believe this is an unnecessary infringement on the individual's property rights and an arrogant disregard for the respect and choices of the people. To deny private carriers access to the mailboxes is discriminatory, and unfairly penalizes those who receive mail from private carriers. Mail delivered by private carriers is denied the same security of a mailbox that mail delivered by the Postal Service receives. Often mail delivered by private carriers is deposited under the door, in the crack of the door, or between doors. Not surprisingly, the threat of theft or mail loss to the recipient is very real. Furthermore, the alternatives employed by private carriers often advertise the absence of a homeowner.

It has been estimated that significant savings to the consumer can be realized by passage of my amendment. For example, I am informed that the Utah Power and Light Co. spends on postage \$22,810.71 per month based on 13 cents per bill. The studies of U-Til-Bill Service, Inc. of Salt Lake City shows that these bills can be delivered at a cost of 8 cents per bill or \$14,037.36 per month by private carriers or company employees. This constitutes a savings of \$8,773.35 per month or \$105,280.20 per year. We cannot afford to deny savings of this magnitude to consumers and the businesses that serve them.

Chairman Alfred Kahn of the Public Service Commission of the State of New York recently expressed his support for my amendment, noting that savings could ultimately be realized by the consumer if utility companies were allowed to deliver their own bills. In letters to the chairman, Consolidated Edison of New York, Rochester Gas and Electric Corp., Long Island Lighting Co., and

Orange and Rockland Utilities, Inc., were a few of the New York utilities that expressed a desire or studied the feasibility of delivering their own bills in order to cut costs. In each case, however, the inability of these firms to deposit the bills in mailboxes was a significant factor in their abandoning this alternative.

Mr. President, I ask that Chairman Kahn's May 7, 1976, letter to me and the letters received by Chairman Kahn from the aforementioned utility companies be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MAY 7, 1976.

HON. JAMES BUCKLEY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BUCKLEY: It has just come to my attention that you have introduced a bill that would permit private carriers to use customers' mailboxes. I write to express my support for your effort.

My support is based first on the same kinds of economic and philosophical considerations as, I am sure, motivate you: namely, a distaste for monopoly, and a belief that, wherever feasible, government monopoly should be just as thoroughly subjected to the test of competitive alternatives as private.

I write, also, in my capacity as Chairman of the New York Public Service Commission. It came to my attention recently that some utility companies were considering the possibility of resorting to their own delivery of their bills, instead of relying on the Postal Service; I wrote to the major utility companies within the State to ask whether they had given consideration to this alternative, as one possible means of holding down the rate increases that we have been constrained to permit, and that have been so painful to the customers in New York State.

One response was that their inability, under the law, to use the mailboxes was an impediment to their resort to this possibility.

I do not know that ability to use the mailboxes would tip the balance. But I see no reason why there should be this artificial impediment to this possibility of offering some relief, however small, to the utility customers of the State.

Sincerely,

ALFRED E. KAHN.

MAY 4, 1976.

HON. ALFRED E. KAHN,
Chairman, Public Service Commission, State
of New York, Empire State Plaza, Albany, N.Y.

DEAR CHAIRMAN KAHN: Thank you for forwarding the New York Times article on the hand delivery of utility bills. We have given a considerable amount of thought to this possibility over the past few years and serious consideration was given to implementation of hand delivery prior to the increase in the first class postage rates from \$.10 to \$.13. Our conclusion was that the Postal Service still provides the most practical and economical service available even at the \$.13 rate.

There are legal impediments to the hand delivery of bills. Delivery of first class mail

by other than the Postal Service is illegal unless done by Company personnel, the law limits the use of home mail boxes to the Postal Service, and the legal questions regarding the lack of a post mark and its effect on the due date of bills and expiration date of collection notices would have to be resolved before hand delivery was instituted.

We were aided in our review by a Long Island hand delivery company which agreed with our conclusions. They advised that five deliverers per vehicle plus a driving supervisor were necessary for quality control and to keep costs in line, a situation not compatible with our present meter routing. With hand delivery companies legally eliminated, we concluded that we could not hire employees at a low enough hourly rate, including fringe benefits, to make hand delivery economical.

Utilities claiming economically successful hand delivery are largely limited to urban areas. Hand delivered bills are placed under doors or in plastic bags hung on doornobs with the obvious attendant problems. In contrast, Postal Service delivery in Long Island Lighting territory has been very good to date with the majority of our bills being delivered on an overnight basis and no major problems being encountered.

Although postal rates have doubled since 1971, these costs represented only \$.66 per year of a total customer accounts expense of \$12.95 per year per average customer for the 12 months ending February 1976. The most optimistic estimates would save approximately \$.20 per year per customer at this time even if all of the practical problems could be resolved. We believe these estimates do not include all associated costs and that hand delivery saves little or nothing at all.

In addition to studying the possibility of hand delivery of bills, other steps have been taken to moderate the impact of the increase in postal rates. Hand delivery has been used successfully for invitations to our residential consumer insulation seminars. In such non first class applications we do not have to be assured of 100 percent delivery reliability. Several years ago we programmed our collection notice routines so that these notices were incorporated with regular bill-

ing wherever possible. We have also worked with the Council of Public Utility Mailers to achieve a discount for bulk mailers with pre-sorted mail. This industry effort has resulted in a recommendation for a \$.01 per item discount which will be presented to the Postal Service Board of Governors this week for final approval.

Our Customer Relations people are meeting with the hand deliverers again this week to review changes that have taken place recently and in light of predictions of even higher postal rates in the near future. Please be assured that we will continue to follow this matter closely and keep you advised of any developments which would change our position.

Very truly yours,

CHARLES R. PIERCE.

MAY 4, 1976.

MR. ALFRED E. KAHN,
Chairman, State of New York, Public Service
Commission, Empire State Plaza, Albany,
N.Y.

DEAR CHAIRMAN KAHN: I could swear that you have my office bugged.

Within the past few days I have reviewed a report, which I requested, in regard to the possibility of hand-delivering our service bills. Although the report shows some anticipated savings, I do not feel it is substantial enough to start hand-delivery at this time.

Other companies were contacted and their experiences range from good to poor. The major problems were with personnel willing to deliver bills, places to leave the bills, and customer complaints. Florida Power and Light Company received some adverse publicity as indicated in the enclosed letter to the editor. You are probably aware, however, of Senator Buckley's bill which would allow private carriers to use customers' mail boxes. This could ease some of the problems of hand-delivery.

We are expecting a reduction in postage of one cent for each bill if we sort to zip code. This should be resolved within the next few weeks.

I have asked my people to continue their review and to keep me informed.

Cordially,

FRANCIS E. DRAKE, Jr.

WELCOME, BURGLARS?

To The Editor:

Poor Florida Power & Light Company has earned, and deserves, an award from all associated and unaffiliated real and would-be housebreakers and robbers.

Its action in instituting door-to-door, hand-on-the-knob delivery of monthly statements has done almost as much to improve the climate for crimes of breaking and entering as would abolition of street patrolling by police. The plastic bag with the FPL bill left hanging on any door for any length of time signals: "I'm away for a while. Come on in and take your time and help yourself."

WILLIAM W. HERSHEY.

MAY 10, 1976.

DR. ALFRED E. KAHN,
Chairman, State of New York, Public Service
Commission, Empire State Plaza, Albany,
N.Y.

DEAR DR. KAHN: In response to your letter of April 27 which refers to the New York Times article on utilities handling the delivery of their own bills due to the unusual increases in postage costs, Orange and Rockland has taken positive action as follows:

We originally made a feasibility study on the hand delivery of customer bills in 1971, when the cost of first class postage was scheduled to increase from 8¢ to 10¢.

This initial study revealed that hand delivery would not be economical for Orange and Rockland as we serve a mainly suburban territory. Practically all utilities utilizing this method serve densely populated areas, thus making it possible to more easily deliver a substantial number of bills per day and therefore derive considerable cost savings. The suburban utilities inherently lose these economies due to the greater time consumed in walking and driving between each bill delivered.

The hand delivery method was again reviewed during 1975 when first class postal rates were scheduled to increase to 13¢. In this current study the cost differential lessened. However, lack of population density

is still a major factor.

In addition, we presently are reviewing the cost justification of revising our customer billing computer programs to obtain the 01¢ savings in postage cost which is scheduled to go into effect in June 1976 for all companies that pre-sort by zip code. If this cost justification proves negative, we definitely will be able to derive the postage savings by July 1977 when our new customer information system is scheduled to be in effect.

Two future actions may eventually contribute to deriving cost savings through the hand delivery of bills.

The first factor would be passage of the bill introduced by Senator James L. Buckley which would allow delivery services to use mailboxes. This action would both reduce delivery walking time and eliminate the need for special costly doorknob hangers.

Secondly, Orange and Rockland will be re-routing customer billing cycles to specific geographical areas. By so doing, we would concentrate deliveries geographically. This re-routing should reduce manpower requirements and basically eliminate the current travel time now required between several geographical areas.

You can be assured that any potential savings or cost reductions that may be available to us will be continually reviewed as part of our overall and continuing cost reduction program.

Sincerely,

DEAN B. SEIFRIED,
President and Chief Executive Officer.

Dr. ALFRED E. KAHN,
Chairman, Public Service Commission,
Empire State Plaza,
Albany, N. Y.

DEAR CHAIRMAN KAHN: I refer to your letter of April 27th concerning the article in the New York Times relative to an increase of mail service competition.

We are very much aware of the rising costs of postage and with each increase, the feasibility of hand delivery of our customer bills is evaluated. However, it is our opinion that the disadvantages of hand delivery still outweigh the advantages.

In October, 1972 we did conduct a pilot program involving hand delivery of customer bills. Many of the high rise apartment houses, secured by doormen who restrict entrance to buildings to tenants and visitors, prohibited our employees from gaining admittance. In addition, postal laws prohibit placing bills in postal boxes provided for residents of those buildings which permit our access.

Despite close supervision of bill deliverers, hired solely for this mission, rather numerous complaints were made for the following reasons:

1. Bills not completely slipped under customer's door.
2. Bills shoved too far under customer's door, ending up in closets, under rugs, etc.
3. Bills left in hallways, on radiators, in lobbys, etc.
4. Bills delivered to wrong apartments.
5. Bills chewed up by pets.
6. Bills left with superintendents, doormen, etc.

We recently established a Tuesday to Saturday work schedule to process bills more promptly in an endeavor to improve our cash

flow. Bills presently mailed are received by our customers three days after the meter has been read. This prompt delivery is not possible in most cases of hand delivery, because of the need to re-sort bills for proper sequencing at the delivery site.

You are doubtless aware that the U.S. Postal Service is expected to approve a one-cent discount for pre-sorting a minimum of 500 pieces of first class mail to the five digit zip code. We are prepared to take advantage of this discount for an estimated saving of \$385,000 per year. It is anticipated that this regulation will become effective by July 6, 1976.

Please be assured that we will continue to keep this matter under close surveillance and should it become operational and economically feasible, we will undertake such a program. Our people would be happy to talk with any of your staff on this subject.

Sincerely,

CHARLES F. LUCE.

Mr. BUCKLEY, Mr. President, Southern California Gas Co. conducted studies on the economic feasibility of an employee delivery program. The economic report proved favorable. However, according to officials of that company, their inability to deposit their bills in mailboxes was the single most significant factor in their decision to abandon this program. The Boston Gas Co. delivers its bills for approximately 9 cents per bill; People's Gas Co. of Chicago delivers its bills for 10.5 cents per bill; and Philadelphia Gas Co. delivers its bills for 6.9 cents per bill. Miami Power & Light recently implemented an employee bill delivery program with estimated savings of \$77,000 per year, serving 214,000 customers. In May 1976, Georgia Power Co. instituted the same program in Atlanta with expected savings to amount to \$25,000 per month. Each of these companies have advised my office that lifting the mailbox restriction would greatly facilitate their operations and, for some, possibly enable them to expand their programs.

In the village of Kenmore, N.Y., Mayor Robert A. Malloy had municipal employees deliver the village's 25,000 water bills when they read the meters. He estimated this would save the village between \$3,000 and \$4,000 per year and also avoid employee layoffs. However, when the employees deposited the bills in the mailboxes, the Postal Inspection Service removed the bills from the residential mailboxes and threatened to prosecute the village officials.

Mr. President, there are no justifiable reasons to deny consumers such savings or to retain this artificial barrier against private carriers, utility companies, and municipalities who seek alternative ways to deliver their mail. Furthermore, it is essential that we guarantee the safety of the mails no matter who delivers it. This means allowing all mail to enjoy the

security of a mailbox. Finally, we must restore to the owner the right to have his mailbox used for all mail and not just that delivered by the U.S. Postal Service.

Mr. McGEE. Mr. President, the committee must oppose this amendment, even though it is well intended, particularly in urban areas. A case can be made that it would facilitate the delivery of bills by utility firms, perhaps at a lower cost. That is variable in different areas. However, it does so at the expense of the Postal Service of the United States, for the Postal Service seeks to distribute the costs without any selecting out, clear across the country—rural areas, urban areas.

Any items that ordinarily would pass through the mails and pay their way help to keep the costs under control in areas where they cannot afford the luxury of an urban distribution by, let us say, electric companies and the like. It is part of the same principle at stake and would at least repeal a part of the private express statutes, because it is intruding into that prerogative which is reserved as a total monopoly for any postal service almost anywhere around the world.

For those reasons, the amendment would have to be opposed by the committee, for understandable reasons, even though I think it has some sense in a heavy population area as a distribution factor, where there is a question of security in some of the mailing systems and where a mail system is utilized that somebody has to pay for.

We think the equity really lies in avoiding this intrusion into a mail service prerogative.

Mr. BUCKLEY. Mr. President, I appreciate the arguments advanced by the Senator from Wyoming, but I suggest that equity is not done under the present system.

Basically, people living in more heavily populated areas are in fact already subsidizing mail service to people in sparsely inhabited areas.

Second, I think it is a well-known fact that it costs a great deal more to live in a heavily populated area than it does out in the country.

So it seems to me that to eliminate the small measure of relief that would otherwise be available to people who could have the benefit of direct delivery of utility bills—water bills and things of that sort—means that they are, in effect, asked to sacrifice on top of the sacrifice already made to sustain a nationwide system.

It seems to me that in asking the taxpayers to provide the funds that sustain our overall postal system, that is the more appropriate and the more equitable way of meeting a deficit than, in effect, to force utilities to deliver bills to their customers by the U.S. mails, in order to

provide the security that the householder would naturally want.

I also point out that in many of the areas that we speak of, the householders are paying very high prices for energy. Certainly in New York City and the metropolitan areas of New York, we have the highest electrical rates in the country. The amendment that I suggest, I think, is not only reasonable and not only equitable, but would offer some small measure of reduction in these costs.

Mr. FONG. Mr. President, there are two matters to be considered here. First is the matter of whether we want to take revenue away from the Postal Service; second, what security are we taking away from the letter box? The Postal Service is firmly against this amendment and it states as follows:

We firmly believe that legislation permitting the deposit of matter other than mail in letterboxes or similar receptacles is not in the public interest. As a practical matter, because of the requirement to pay postage on mailable matter placed in a letterbox, letterboxes are now legitimately visited only by postal employees or by persons who receive or send mail through letterboxes. The security of mail in letterboxes depends in large measure on public knowledge of this fact.

In other words, we know that this mail box is secure because the only person who can touch that mail box is the receiver of the mail or the postman. If we allow all kinds of things to be deposited in this mail box, we shall not have that kind of security, especially now, when we place so much importance on the receipt of social security checks, retirement checks, financial instruments, and similar mailed matter.

The Postal Service says:

... We believe the security of the individual's letterbox is a consideration which deserves every reasonable protection that the Government can provide.

The other question to be decided upon is, do we want to take away revenues from the Postal Service? This is what the Post Office says:

In addition, forbidding the deposit of unpaid matter in letter boxes provides important protection for postal revenue. The enactment of 18 U.S.C. Section 1725 occurred in part because Congress found that private delivery of certain material to letterboxes had produced a significant drain on postal revenues. The protection of postal revenue through laws discouraging the carriage of letters outside the mails continues to be a national policy.

To allow the nonpayment of postage by mailers would take away a lot of the revenues from the Postal Service.

The distinguished Senator from New York has stated that many of these utility companies, for 8 cents, instead of paying the 13 cents for postal mail, can deliver a piece of mail to a post office box. If we take away all of the mailings of

these utilities, take away the mailings of many of these large companies in the urban areas, where they can do it much cheaper because the mail boxes are concentrated and where the residents are concentrated, we shall be taking a tremendous amount of money from the Postal Service. We shall be doing a great disservice to the Postal Service, because it will not then be equipped to do the service for those in the outlying areas where the boxes will not be used, and the general public will be called upon to pay a larger cost for delivering their mail.

For these two reasons, we oppose this amendment.

Mr. BUCKLEY. Mr. President, I shall not prolong this. I believe that the issues are simple enough. The distinguished Senator from Hawaii did raise an additional point that had not been raised by the Senator from Wyoming, who concentrated on the cost factor. That is security. First of all, my amendment is still limited to access to the mailbox by authorized private carriers.

No. 2, let us face it: The fact that legal access to mailboxes is limited does not in any way disturb the criminal who is going to have access to such mailboxes as he can reach. I really do not think that argument outweighs the considerations of convenience and safety for the householder, consideration of enabling real savings to be passed through to certain consumers.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. (Mr. BELLMON). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The question is on agreeing to the amendment of the junior Senator from New York. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK) and the Senator from Washington (Mr. MAGNUSON) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) is necessarily absent.

I also announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that the Senator

from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that, if present and voting, the Senator from South Carolina (Mr. THURMOND) would vote "yea."

The result was announced—yeas 25, nays 64, as follows:

[Rollcall Vote No. 523 Leg.]

YEAS—25

Bartlett	Goldwater	McClure
Beall	Hansen	Morgan
Biden	Hatfield	Nunn
Buckley	Helms	Packwood
Byrd	Hollings	Scott,
Harry F., Jr.	Javits	William L.
Curtis	Laxalt	Stevenson
Dole	Leahy	Stone
Fannin	Mathias	Tower

NAYS—64

Abourezk	Griffin	Pastore
Allen	Hart, Gary	Pearson
Baker	Hart, Philip A.	Pell
Bayh	Hathaway	Percy
Bellmon	Hruska	Proxmire
Bentsen	Huddleston	Randolph
Brooke	Humphrey	Ribicoff
Bumpers	Inouye	Roth
Burdick	Jackson	Schweiker
Byrd, Robert C.	Johnston	Scott, Hugh
Cannon	Kennedy	Sparkman
Case	Long	Stafford
Chiles	Mansfield	Stennis
Church	McClellan	Stevens
Domenici	McGee	Symington
Durkin	McGovern	Taft
Eagleton	McIntyre	Talmadge
Eastland	Metcalfe	Weicker
Fong	Montoya	Williams
Ford	Moss	Young
Glenn	Muskie	
Gravel	Nelson	

NOT VOTING—11

Brock	Garn	Mondale
Clark	Hartke	Thurmond
Cranston	Haskell	Tunney
Culver	Magnuson	

So Mr. BUCKLEY's amendment was rejected.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

POSTAL REORGANIZATION ACT
AMENDMENTS OF 1975

The Senate continued with the consideration of the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes.

AMENDMENT No. 2083

Mr. MOSS. Mr. President, I call up my amendment No. 2083 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Utah (Mr. Moss) proposes amendment No. 2083:

At the appropriate place add the following new section:

Sec. 9. Section 3401(b)(1)(B) of title 39, United States Code, is amended by striking out "15 pounds" and "60 inches" and substituting in lieu thereof "70 pounds" and "100 inches", respectively.

Mr. MOSS. Mr. President, this amendment is a very simple one and I can quickly explain it.

Mr. President, in 1972, the Congress passed legislation (Public Law 92-469) which increased the weight and size limitations for parcel post packages eligible to be shipped by aid on a space available basis—SAM—by U.S. servicemen and women from military installations abroad to the United States. The limits were increased from 15 pounds and 60 inches in girth to 70 pounds and 100 inches in girth. At that time the U.S. Postal Service felt that it could not accommodate similar service in both directions because of its limited airport facilities. Consequently, outbound parcels to our servicemen and women were limited to 15 pounds and 60 inches.

With the operation of the new bulk mail processing centers, the Postal Service has changed its position and now supports equalization of SAM parcel post weight and size standards.

The amendment I submit would have that and only that effect. It would raise the limits on outbound parcels to 70 pounds and 100 inches. This amendment would eliminate unnecessary confusion. It would provide military personnel a speedy and reliable method to ship larger packages at a substantial cost savings over regular air rates and at a considerable time savings our surface transportation. Most important, it would contribute to the morale of our forces abroad and their families here at home.

Simply stated, parcels going out of the country have to be a certain size and parcels coming back into the country have to be a different size. This would make the size uniform both ways. It would, of course, increase the size of those going out to 70 pounds and 100 inches in girth. That is the amendment, simply stated.

Mr. McGEE. Mr. President, we have talked to all of the participants downtown and elsewhere. I think the amendment would facilitate matters. Since there is merit in this, without introducing any new structural complications, we would be willing to accept this amendment and take it to conference.

Mr. MOSS. I thank the Senator from Wyoming. Simply a voice vote or without objection would be satisfactory.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah.

The amendment was agreed to.

UP AMENDMENT NO. 368

Mr. DOMENICI. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 368.

On page 39, line 8, strike out the period and insert in lieu thereof the following: " , but the Commission shall consider the desirability and feasibility of allowing—

"(1) the carriage of mail by private express or carrier, and

"(2) a private carrier of mail to deposit any mailable matter in any letter box established, approved, or accepted by the Postal Service.

Mr. DOMENICI. Mr. President, the manager of the bill and the ranking Republican have seen this amendment. I do not intend to take long. I will briefly explain it and hope they will engage in a dialog with me which will insure that what I seek in this amendment will occur.

As Senators will remember, the first Helms amendment was a rather serious amendment because it would have changed the basic postal laws with reference to the permission to deliver first class mail through the private sector. There were good arguments against that amendment and it lost.

Senator BUCKLEY proposed an amendment which would expand upon what mailboxes, those open mailboxes, could be used for. All I have done in my amendment, Mr. President, is to take the basic bill and see to it that the blue ribbon commission that will work on this matter for us will study these two proposals, in particular the proposal with reference to the private sector delivering first-class mail.

In summary, I would insert in the bill a mandate that these two approaches that were discussed here by way of an amendment be thought through, that the blue ribbon commission not ignore them, and that it be part of their deliberations and report.

As I understand it, the committee would do this. I just want to be assured that in fact they will.

Mr. FONG. It is intended that the commission will look into this matter. We are willing to accept the amendment.

Mr. DOMENICI. I thank my good friend from Hawaii.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

UP AMENDMENT NO. 369

Mr. GRIFFIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Michigan (Mr. GRIFFIN) proposes an unprinted amendment No. 369.

On page 32, line 14, insert the following: strike the period at the end of the sentence and insert the following:

When such Commissioner has served at least two years.

Mr. GRIFFIN, Mr. President, this bill moves in the right direction by requiring Senate confirmation of the appointment of members of the Postal Rate Commission. However, there is a need for some degree of stability in the Commission's membership. We have had a rapid turnover of commissioners. In less than 6 years, 11 different individuals have served as commissioners and only two have completed a full term. This amendment promotes a small degree of stability while at the same time recognizing that Senate confirmation of appointees is desirable.

This amendment has been discussed with the managers of bill, and I understand there is no objection.

Mr. FONG. There is no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 370

Mr. HUMPHREY, Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. HUMPHREY) proposes an unprinted amendment No. 370:

On page 27, line 23, strike the words "on the date on which" and substitute in lieu thereof "120 days after";

On page 28, line 21, strike the words "on the date on which" and substitute in lieu thereof the words "120 days after".

Mr. HUMPHREY, Mr. President, the purpose of this amendment is to make sure that after the commission, which is authorized in this legislation, reports, that there will be sufficient time for whatever legislative action may be required as a result of the commission's recommendations and as a result of congressional deliberation and procedures.

Under the bill as it is written, then the commission has made its report, then the moratorium on all matters as outlined in the bill is over. In other words, new rate increases can go into effect, personnel changes can be made, et cetera. My amendment would simply say that following the commission's report there ought to be time for the Congress to be able to review the work of the commission and to make its judgment based on that commission report and other information as to the direction that the Postal Service should take.

I have discussed this amendment with the chairman of the committee. I would like to have his observations. It may be

that the amendment is not necessary. It may very well be that the committee has this in mind without the specificity of the language.

Mr. McGEE. I want to say to my friend from Minnesota that that is the case. In an attempt to crowd the five legs of this agreement to the same stature and same height so we could have an agreement, we backed into, in effect, a February 15 date. But, very candidly, the understanding was there would be no hanky-panky. The instant that date arrived, it would give the Congress a chance to work its will. That is the whole point of the thing. If we were to legislate that now, it would require going back and trying to get a new agreement on another time certain.

The Senator from Minnesota has the assurance of the chairman of the committee and the ranking minority member that there will be every intent and every effort to make sure that there is not some sudden explosion. There is no intent of that among those who are doing the conversing.

Mr. HUMPHREY. May I press my case a little further? It is my judgment that if the moratorium were to end at the time the commission report is made, it would place an impossible burden upon the Congress to be able to fashion any kind of remedial legislation.

Mr. McGEE. That is understood.

Mr. HUMPHREY. Therefore, it is my understanding from the chairman of the committee and the ranking member that when the commission reports there will be every effort made to get expeditious action.

Mr. McGEE. That is right.

Mr. HUMPHREY. But it does not mean that on day one or day two after the report the moratorium is over, is that correct?

Mr. McGEE. The agreement and the understanding among those who participated in putting it together is that there would be no explosion or rush into this. There would be a reasonable allowance for an expeditious movement in terms of the Congress reviewing the whole problem and making its recommendations.

Mr. HUMPHREY. In the instance of a rate increase, if course, there is always the delay procedure on that, is there not?

Mr. McGEE. That is correct. That would fall a good many days away, at the most extreme circumstance, under the existing law.

Mr. HUMPHREY. Under existing law it takes time for a rate increase to be implemented.

Mr. McGEE. That is correct.

Mr. HUMPHREY. So Congress would have the opportunity to take whatever action seemed advisable?

Mr. McGEE. That is correct.

Mr. HUMPHREY. The other matter,

of course, is the matter of personnel—personnel cuts and personnel shifts. Does the Senator from Minnesota correctly understand that in the case of personnel as well, there will be no precipitate action?

Mr. McGEE. Services cut-backs, closings, that sort of thing, yes.

Mr. HUMPHREY. And, of course, the Randolph amendment gives us some additional protection with regard to the smaller post offices.

Mr. McGEE. That is already in. Yes, that is right.

Mr. HUMPHREY. I thank the Senator. Under these circumstances, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. RANDOLPH. Mr. President, who has the floor?

Mr. HUMPHREY. I have the floor.

The PRESIDING OFFICER. The Senator from Minnesota has the floor.

Mr. HUMPHREY. I yield to the Senator from West Virginia.

Mr. RANDOLPH. The Senator has discussed a very important matter, and the chairman of the committee, of course, has properly explained the situation with reference to time. The able Senator from Minnesota, of course, supported the amendment I offered yesterday.

Mr. HUMPHREY. Yes, I did indeed.

Mr. RANDOLPH. The amendment provides a procedure which must be followed by the Postal Service prior to the closing or consolidation of post offices.

I want the record once again to indicate that in my opinion—and I believe I am reasoned in this statement—we are developing a sound legislative package. I have joined in voting against amendments. But whatever is finally fashioned here, which will probably be in the form of the bill reported by the committee except for my amendment that was passed yesterday, I can see absolutely no reason why the President of the United States should veto the bill if that amendment is included. I ask the Senator from Minnesota if he believes there is a danger, with a bill of this kind, that the President would veto such a measure because it contains the procedure for decisions on closings beyond February 15.

Mr. HUMPHREY. Let me say most respectfully to my colleague and friend from West Virginia that I cannot speak with any certainty as to what the President would do, but the President, hopefully, will be a reasonable man. The Senator's amendment is a very reasonable and, I think, sensible amendment. The President is also aware of the fact that there is great concern in the country over the possibility of the closing down of essential postal services, particularly in the rural communities and the smaller towns.

The President is a candidate for reelection. I cannot imagine that he will want to deliberately go about the country insulting community after community by saying, "Take down the American flag from in front of your post office and close up the post office."

In the little village where I am privileged to live, called Waverly, Minn., we have 593 people, and the finest little building we have and the best place we have is our post office. The postmaster there is not just a postmaster, but an adviser on every conceivable thing: Civil Service, income tax, Farmers Home Administration, you name it.

Mr. RANDOLPH. He or she is a counselor and a confidant.

Mr. HUMPHREY. The postmaster is the Government of the United States in that community. If they do not want our community in the United States, then they ought to tell us. I have never believed in secession, but they ought to tell us. And I have said before that I insist that the Government of the United States provide services for our people, and I want to say

again, as the author of the Rural Development Act, that I call upon the Postmaster General and the President of the United States to read that act. That act says there shall be governmental services in rural communities equal and commensurate with those supplied in urban communities. I say if you are going to close down my post office, then close down the post offices in Washington, D.C., New York, Philadelphia, and even Atlanta.

Mr. RANDOLPH. Or Plains. [Laughter]. Pardon me.

Mr. McGEE. Mr. President, will the Senator yield to me 1 minute on that point?

Mr. RANDOLPH. I yield.

Mr. McGEE. I want to pledge to him my cooperation in this effort. I think the message was very clear, and it is a very high level proposal; and as the fellow in charge for the moment at least, I want to say I will make every effort in that direction.

Mr. RANDOLPH. It is my sincere hope that we can keep my amendment to prevent the indiscriminate closings of post offices in smaller towns and rural areas during the Senate-House conference. We should fight for the amendment in conference.

In this regard, I am very appreciative of the statement by our able chairman (Mr. McGEE) on the support he will give when we meet with the House.

I entered this colloquy only to underscore what I thought was the reasoning behind the effort to give us a modus operandi where people will have an opportunity to speak and be heard in reference to possible closings of post offices. I thank the Senator from Minnesota and the chairman.

Mr. HUMPHREY. Mr. President, I am going to yield the floor and withdraw my amendment. I just want to say that in reference to the Hollings amendment, I thought the Senator from South Carolina made a brilliant case, but I understand the constraints under which we operate here, namely, that the Senator from Wyoming, in order to get any kind of a bill that might be passed and signed by the President, had to make some adjustments and some understandings. I did not want to see that effort disrupted, but I wanted the record clear that I do believe the President of the United States should appoint the Postmaster General, and he ought to be confirmed by the Senate of the United States.

I do believe there ought to be congressional oversight, and the postal budget should be a line item of the budget, and ought to go under the general operations of the Senate and House Budget Committees. That is my judgment, and I hope that will be the case when the new administration takes over in Washington come January 20, 1977.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

ADDITIONAL STATEMENTS SUBMITTED

Mr. BAYH. Mr. President, today the Senate is considering H.R. 8603, legislation designed to provide temporary financial assistance to the Postal Service and allow time for Congress to find solutions to the numerous problems facing the Postal Service.

The bill has three major provisions. First, it provides a \$500 million subsidy for fiscal year 1977 and another \$500 million for fiscal year 1978. This gives the Postal Service much needed financial assistance enabling them to continue necessary services for our citizens. Second, the bill establishes a Study Commission to conduct an in depth study of the problems facing the Postal Service and make recommendations to Congress. This report is due by February 15, 1977.

Finally, for the duration of the study, there will be a moratorium on any cut-back in services, such as ending Saturday deliveries and closing small rural post offices. In addition no rate increases will be permitted while the study is in progress.

The form of this bill was arrived at as a result of negotiations between the Senate and House Post Office and Civil Service Committees, the Postal Service, and the administration. The parties involved in these negotiations feel that this legislation will be signed by the President,

thus saving the Postal Service from financial ruin.

Senator HOLLINGS offered an amendment containing several sweeping changes to the bill as reported—changes such as the confirmation by the Senate of the Postmaster and Deputy Postmaster General, congressional oversight of the Postal Service budget, and improvements in the ratemaking process.

While I opposed this amendment, in the interest of hopefully obtaining a veto-proof bill at this time, I would not want to rule out these suggestions for the future. It may well be that the Study Commission will recommend many of these alterations in the Postal Service and perhaps they will come up with additional alternatives. I think we should take the time to carefully study the current situation and evaluate our needs for future postal services before making any wholesale changes in the Postal Service. It is quite possible that changes made without due consideration may result in a worsening of our postal services.

It is, however, becoming increasingly clear that something needs to be done about the financial problems of the Postal Service. The establishment of the independent Postal Service in 1971 began with high hopes of financial solvency. The Kappell Commission, which recommended dissolving the old, Cabinet-level Post Office Department, projected an annual savings of at least \$1.6 billion annually if the postal service was removed from political control. Even with this rosy projection, Congress provided a subsidy to cover public service costs. In spite of this subsidy the Postal Service has increased its deficit from \$175 million in 1972 to a cumulative deficit of \$1.6 billion through 1975 and the deficit is still climbing.

In order to combat the spiraling deficit the Postal Service has instituted a series of rate increases—first class postage rates have increased 117 percent, from 6 cents in 1971 to 13 cents in 1976. There is evidence that these increases have lead to a decline in the volume of first-class mail in 1975, the first peacetime decline in usage since the 1930's Depression.

In addition, there seems to be a general perception by the American people that the increases in rates have resulted in worse rather than better mail delivery from the Postal Service. I have received hundreds of complaints in the past year from constituents who are tired of paying more for stamps and having slower deliveries.

It is my hope that H.R. 8603 will be enacted into law and that the Study Commission will conduct its investigation as expeditiously as possible. Congress can then take the necessary action to insure financial stability and a high level of service from the Postal Service.

This must be done soon. The mail is a valuable and necessary means of communication between our citizens and we must not let them continue to suffer increasing deterioration in the speed and efficiency of the delivery of mail.

Mr. EAGLETON. Mr. President, my office surveyed 500 randomly selected Missourians about various postal matters. Because the rural, small town, and urban makeup of Missouri is proportionately the same as that of the United States I thought that my colleagues in the Senate might be interested in the results of the poll.

The survey informed all of the people questioned that the average household in the United States pays approximately \$200 each year for the postal services presently available. It was explained that this payment is made through stamp purchases, Federal taxes, and business stamp expenses passed on to the consumer. They were told that according to the Postal Service, inflation has created a situation where either the Postal Service will have to cut back some of the services presently available or the consuming household will have to pay more money next year.

The first question told the survey respondents:

If Saturday mail delivery is kept at today's levels around the country your household will have to pay an additional \$4.50 each year. Do you want to pay the additional \$4.50 and retain the present Saturday mail delivery schedule?

Forty-one percent of those surveyed answered that they would be willing to pay \$4.50 each year if they could keep their Saturday mail delivery. Fifty-nine percent said they would rather forego Saturday mail delivery and not spend the additional \$4.50.

The survey asked:

If mail is only delivered to a curb side mailbox wherever possible your household will not have to pay an additional \$2.50 each year. Are you willing to pay the additional \$2.50 so that those who presently receive door-to-door service can continue to do so?

The response to this question was nearly split down the middle. Fifty-two percent said that they are willing to pay an additional \$2.50 so that those people that now receive door-to-door delivery can continue. Fifty-eight percent said they would not be willing to pay the additional amount.

The people in Missouri were told that—

The General Accounting Office claims that 12,000 rural post offices can be closed without reducing the basic service to rural postal patrons. The people living in small towns claim that it will make the postal service less convenient, reduce the towns identity, and will eliminate an enjoyable gathering place for the towns people. To keep them open will cost your household an additional \$1.50 each year. Are you willing to pay the \$1.50 and keep the 12,000 rural post offices open?

Seventy-seven percent of those questioned indicated that they were willing to pay the extra money so that rural post offices can stay open. Twenty-three percent said that they would not pay the additional \$1.50 each year.

Those surveyed were told:

According to the postal service, if you are willing to receive mail delivery only three days a week your household will not have to pay an additional \$15.00 each year. Do you want to pay the additional \$15.00 each year and keep your present mail delivery frequency?

Sixty-two percent of those questioned indicated that they were willing to pay an additional \$15.00 while 38 percent said that they were not.

The most common complaint expressed by those people surveyed concerning the Postal Service were: High stamp prices, inefficiency in the operation of the postal services, slow and inaccurate delivery, too much "junk mail," and damaged packages.

This country's postal policymakers will have to make some very difficult decisions concerning which of the postal services should be maintained at an additional cost to all of us and which can be curtailed without too much difficulty. It is my hope that the results of this survey will be of some help as we consider this issue.

Mr. McGOVERN. Mr. President, in the 6 years since the Postal Reorganization Act was signed into law, we have experienced a steady decline in the quality of postal service, accompanied by sharp increases in postal rates. If present trends are not reversed, service will almost certainly continue to deteriorate, rates are likely to go much higher, postal volume will decline further and deficits will remain with us.

Mismanagement has obviously had a good deal to do with bringing this disastrous situation upon us. Postal management has abandoned proven mail dispatch and delivery systems in favor of complex, expensive, and unreliable methods. Experienced postal managers have been encouraged to retire early and have been replaced by people with no experience whatever in moving the mail. Huge investments have been made in unworkable gimmickry—canceling machines which require the mail to pile up for as much as 24 hours to produce "uniform flow," other machines seemingly designed for the express purpose of eating packages and letters. As Ronald Kessler of the Washington Post pointed out in a scathing series of articles on the Postal Service—

... postal management has shown remarkable consistency. When faced with major decisions, it invariably chooses the wrong course.

Management personnel can be changed and foolish decisions can be reversed.

But there is one crucial area, accountability, in which it seems to me necessary to change the law. I believe that Congress must take responsibility once again for insuring that service—not the illusion of profitability—is the prime objective of the USPS.

Although I can understand the complex concerns which led the Committee on Post Office and Civil Service to report what amounts to a stop-gap bill, I believe that Senator HOLLINGS is correct in moving to make the Postal Service accountable to the Congress once again. I do not favor restoring the old political post office. But I do believe that the postal bureaucracy must be required to come before the Congress to justify its operations and its budget. As things stand now, the taxpayer will inevitably inherit any deficit run up by the Postal Service in the end. But the Congress has little to say about setting postal priorities in practice and the public has no recourse in dealing with this classic example of an unrestrained bureaucracy.

Some may argue that if we bring Congress back into the postal business in any way at all, we shall inevitably have a system in which rates are frozen in perpetuity and in which redundant services will continue. I do not believe that this objection is valid, particularly now that the congressional budget process is working so effectively. A Congress operating within well-defined spending guidelines will need to be mightily persuaded to pour scarce resources into postal subsidies. In such circumstances, Congress will be under the strongest pressure to require the Postal Service to operate responsibly and the Postal Service will have every incentive to provide for the public needs.

Mr. President, I think that another study of the Postal Service may be useful with regard to improving operating efficiency and using resources more effectively. I do not, however, expect that any study, however competent, will solve the problem of accountability. In the end, Congress will have to make a decision about the degree to which it is necessary to oversee the postal operations. The issues seem to me quite clear at this time. I see no good reason to wait to take the necessary action.

Mr. GOLDWATER. Mr. President, as much as I recognize that postal service is becoming less of a public service, and as much as I would like to support a bill which is supposed to keep the Post Office running without service cuts or rate increases even for a temporary period, I cannot vote for the spending of another billion dollars out of the National Treasury unless we get immediately at the basic reasons for our Nation's postal troubles.

Unless we get at the fundamental problems that are causing the Postal Service to come running to us for more

money all the time, I am afraid that the American taxpayer will be asked to pump endless amounts of money into a bottomless well.

Now, I know that the study commission provided for in the bill is supposed to study without limitation all the problems facing the Postal Service. But I wonder if it will? And I must ask: "Don't we already have committees in Congress that are fully equipped to do this?"

Mr. President, I can remember all too well the last major commission that was set up to review the Post Office. This was the Kappell Commission which assured Congress that if we reorganized the old Post Office Department it would bring about improved service for all mail users at reduced cost. Well, as we know these "expert" views were wrong. In the words of Robert J. Myers, author of a recent book on the Post Office, all the American public has gotten from reorganization is "less for more—less service at much higher costs."

Now, we are being asked to repeat that mistake. "Let's set up another study commission," we are told. "Let's shuck the responsibility for making hard decisions ourselves and turn the matter over to a group of so-called experts, many of whom will have a vested interest in keeping things as they are."

Mr. President, we should do the job ourselves. And one of the first things we should examine is whether or not Congress made a mistake in 1971 by exempting postal employees from Government pay ceilings.

Mr. President, wages and benefits for employees account for 86 percent of operating costs of the Postal Service. If we are going to get at the source of the perennial deficits facing the Post Office, we must take a hard look at these expenses.

Just a month ago, Mr. President, the Library of Congress gave me a report saying that salary increases at the Postal Service have overrun all other Government wage increases by \$5.4 billion. This is more than the total accumulated deficit of the Postal Service. It means that if postal employees were subject to the same wage ceilings as other Government workers are, the Postal Service would today show a surplus of \$2.3 billion, and might be reducing postage rates, instead of increasing them all the time.

Mr. President, since 1971, when the postal reorganization law became effective, the average annual salary of postal employees has increased from \$8,694 to \$13,755. The actual, total compensation is \$16,228 if benefits are included. In comparison, GS workers with the same salary of \$8,694 in 1971 have had their salaries increased only to \$11,191.

Mr. President, I do not want to give the impression that labor costs are the only matter we should be concerned with. Not by any means. In my opinion, Congress must root out unwise manage-

ment decisions just as actively as it probes into labor questions.

Some issues we might examine are these: Is money being wasted for new buildings that will not be fully utilized due to the centralization of mail processing? Are bulk mail centers a billion dollar blunder? Is the consolidation of post office facilities resulting in poorer service to local communities? Can overtime costs be reduced by wiser management?

Another aspect of the Reform Act, which I believe demands reevaluation, is the requirement in law for appointment on the Postal Rate Commission of a public interest officer. For the information of the Senate, such an officer has been appointed in each rate case and has been given a completely independent staff of lawyers, accountants, economists, and clerical assistants. Yet, with all this staff, none of the officers has ever, to my knowledge, held any formal or informal hearings to learn what the public interest is. Nor have they solicited the views of the elected representatives of the people, whether local, State, or Federal.

Judging from some of the impractical proposals that these officers have made in proceedings before the Rate Commission, I believe that the positions they are taking would destroy the entire Postal Service. They appear blind to the fact that mail delivery is a public service.

For example, one of the public officers has been urging the Rate Commission to abolish second-class mail, which consists of newspapers and magazines. He actually recommends that a book, which has the same size and weight as a brick, should be charged the same rate as a brick. And he wants a magazine, which has the same physical characteristics as an advertising catalog, to be charged the same rate as a catalog.

Under this notion, no importance is given to the actual contents of the mail. A book or a magazine contains knowledge. It stimulates thinking. Yet to this officer, the printed word is worth no more than a brick.

Mr. President, I believe these subjects must be squarely faced up to by Congress before we spend another billion or more dollars to bail out the Postal Service from losses which may repeat themselves over and over again unless we correct the basic defects in the mail system.

We cannot have someone else do this job for us. We cannot simply study the matter.

We must act-and act now, not later.

Mr. DOMENICI. Mr. President, it is abundantly clear that something must be done, and very soon, to rescue the U.S. Postal Service from its present course which has seen service cuts and rate increases in combination with staggering

deficits. The congressional effort, initiated in 1971, to have a financially independent Postal Service has not been successful. Given the fundamental inconsistency between a break-even postal operation and the continuing substantial public service obligations we have expected the Postal Service to fulfill, it might never have succeeded. Be that as it may, difficulties have been compounded in recent years by rapidly increasing operational costs and dwindling volumes of mail. These have combined to produce a cumulative operating loss estimated to reach \$4.5 billion by the end of fiscal year 1977. This has far more than erased

the initial positive equity in 1971 of \$1.7 billion.

It is also clear that we must find a way to make our postal system work. The existence of a truly effective postal delivery service is vital to the well being of the American people. Prompt and reliable mail service is a key link in the communications system which binds this Nation together. It is essential to the effective transmittal of information between individual citizens. It is essential also for our country's commerce and trade.

We have before us now two legislative alternatives designed to address this problem. On one hand, the Post Office Committee has reported out a bill, H.R. 8603, establishing a special blue ribbon committee charged with the responsibilities of examining all aspects of the Postal Service operation and recommending to the Congress at a very early date steps that might be taken to correct present inadequacies. This so-called compromise bill has the support of the administration and the leadership of the two relevant congressional committees.

On the other hand, we have a proposal quite similar to legislation passed by the House, which will immediately return direct budgetary and managerial control of the Postal Service to the Federal Government. Proponents of this second alternative contend that the positive gains made during 5 years of independent Postal Service operation would be maintained while, at the same time, Postal Service accountability to the American people would be restored.

I am prepared to support H.R. 8603 as reported by the Post Office Committee. It is premature to abandon the principle behind the Postal Service Reorganization Act of 1970, that of establishing an independent U.S. Postal Service capable of managing its own operation, without at least examining what might be done to correct the deficiencies that have become evident over the past 5 years. I believe this examination can best be carried out by the blue ribbon committee created by H.R. 8603. It may very well be that this committee will recommend increased subsidies and greater Postal Service accountability. It may

also be, however, that the committee will develop realistic alternatives, applicable within the present legislative framework that will bring about substantial improvements in Postal Service operations.

I do not anticipate that the blue ribbon committee will be able to develop a panacea for all that ails the Postal Service. Indeed, I doubt if one exists. But I do expect the committee to come back to us with a realistic report on what is wrong with the Postal Service and what we can do to change it for the better. This study is not to be a whitewash; I want them to "tell it like it is."

Finally, let me say that if this committee will make the necessary hard and realistic recommendations, this Senator is prepared to make the difficult decisions needed to get Postal Service operations on a firm footing. I believe this is an obligation we all must accept if the present version of H.R. 8603 becomes law.

INSURING CONTINUED POSTAL SERVICE

Mr. GRIFFIN. Mr. President, I will support the bill reported by the Committee on Post Office and Civil Service. It is a sad and regrettable fact that the Postal Service faces a crippling operating deficit of nearly \$3 billion. If the Congress fails to provide sufficient funds before the end of this session, the result may be further postal rate increases and service reductions. Such a situation, understandably, would be viewed as intolerable by the American public.

H.R. 8603 would authorize two appropriations of \$500 million each to be applied against the Postal Service's accumulated debt. The moneys will not be used for operating subsidies. The first appropriation would be made September 30, 1976, and the second on September 30, 1977. In addition, the bill would establish a 12-member Commission on Postal Service to make recommendations to Congress by February 1977, on ways of best resolving the chronic operating difficulties which have plagued our national postal system.

During the period of the Commission's study, the bill mandates a moratorium on all rate increases and service reductions, including the closing of small post offices. Thus, the public is assured that no further rate increases or service cuts will occur until the Congress is provided an adequate opportunity to explore thoroughly all the alternatives for reform.

Significantly, this legislation represents a compromise—reached after much discussion and negotiation—between the House and Senate committees with jurisdiction over our postal system and the administration. As such, it may very well be the only approach now under consideration which can be passed by the Senate, accepted in con-

ference by the House, and signed into law by the President during this session of the Congress.

Many provisions of the substitute package offered by the Senator from South Carolina (Mr. HOLLINGS) are appealing and worthy of the Senate's close consideration. At his juncture, however, the adoption of substantive amendments would threaten the delicate compromise of interests so carefully worked out in the legislative process.

Thus, opposition to the substitute package should not be misconstrued as opposition to postal reform. There will be ample opportunity for a full hearing on the relative merits of various reform proposals advanced—including those of the Senator from South Carolina—after the study commission makes its recommendations in February.

While it is unfortunate that Congress has not been able to agree upon a genuine reform package this session, it must be recognized that we are confronted with a very urgent situation that demands a response now. It is essential that we allow postal services to continue at existing levels and rates while we attempt to work out the best approach to reform. I believe that the bill before us offers the best approach available for achieving that objective.

Mr. MATHIAS. Mr. President, as I look at the changes in the Postal Service since the Postal Reorganization Act of 1970, I find some signs of the improvement which Congress was looking for when it passed that bill.

Delivery performance of first class mail in overnight delivery areas has improved to the point where 95 percent of first class mail is reported to be delivered overnight. I sometimes feel discouraged that I am personally among the other 5 percent, but nothing is perfect.

The wages and working conditions of postal employees have been somewhat improved. With the signing of collective-bargaining agreements in 1975, increases in base pay averaging 4 percent per year over the next 3 years plus cost-of-living adjustments have been achieved for the men and women of the Postal Service.

And the previous taint of political appointments within the Service has abated.

I think it is important that we in the Congress as well as our Nation's citizens remind ourselves of the postal policy the Congress set forth in the Postal Reorganization Act of 1970:

(a) The U.S. Postal Service shall be operated as a basic and fundamental service provided to the people by the government of the United States, authorized by the Constitution, created by Act of Congress and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational,

literary, and business correspondence of the people. It shall provide prompt reliable and efficient services to patrons in all areas and shall render postal services to all communities. . . .

(b) The Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining. No small post office shall be closed solely for operating at a deficit, it being the specific intent of the Congress that effective postal services be insured to residents of both urban and rural communities.

We knew what we were saying when we in Congress stated that policy. We wanted to insure that "service" would be the foremost goal and that the geographically remote sections of our country would not be disadvantaged—left out of the mainstream of our national communication system—in order to achieve some operating efficiencies. There are some services, such as rural mail delivery, whose benefits far outweigh any "costs" which may be attributed to them.

The people want and need to know that someone cares about them. That someone cares about the mail which they entrust to the postal system each day and that the mail will be handled with the same concern as that of the person mailing it.

Of course all is not well with the Postal Service as we are all keenly aware. Volume is down, rates are up, complaints are up, and the threat of competition by private carriers is always hovering in the background.

The Senate Post Office and Civil Service Committee has been grappling with these issues and completed work on a Postal Reorganization Act amendments bill recently for full Senate action.

That bill, I believe, satisfies the immediate financial needs of the Postal Service for an operating subsidy of \$1 billion for the period of October 1, 1976, through October 1, 1977.

It goes on to establish a 10-member Commission on the Postal Service. The Commission is charged with identifying the major service, cost, and funding problems of the Postal Service and making recommendations by February 15, 1977.

The bill limits reduction in service to insure that service remains the main goal. It also spells out criteria which must be met before rural post offices are closed. This will avoid indiscriminate closings while guaranteeing existing door-to-door or curbside delivery.

Here again, better service was the overriding concern of the committee.

And lastly, the bill places a temporary moratorium on rate increases until the Study Commission reports back to the Congress on the rate-making and cost-attribution procedures of the Postal Rate Commission.

This last issue of rate increases is perhaps the most publicly aired concern of

citizens. It is a very difficult task which the Study Commission has before it—to provide guidance to the Postal Rate Commission in determining costs, attributing them to the various classes of mail, and setting a reasonable time for final rate determinations.

One particular area which I believe the Postal Service should devote more effort to is that of public information. The Postal Service should let the public know about its mail handling procedures, its bulk mail centers, and the highlights of its operating costs. This information will contribute to a better understanding of postal services and the ways in which citizens can insure that their parcels or letters are properly packaged, addressed, and ultimately delivered. It is my belief that if the general public has a better understanding of the way the Postal Service operates, citizens will have fewer complaints, and will be better equipped to mail their parcels and letter. This should lead to greater satisfaction with the Postal Service and reduce complaints.

The end result of such a public information effort would be better public service by the USPS for their customers—the American citizen.

Mr. PACKWOOD. Mr. President, Oregon and a number of other States have been faced with the closure of numerous small post offices. I believe that small post offices serve a necessary social function. They are a hub of small communities, and are often the only Federal agency in town to give needed information on taxes, social security, civil service, and other public service materials. These rural post offices are necessary services.

As we all know, the post office is facing massive deficits. I have suggested that as an alternative to closing small post offices the Postal Service should study the effects of going from 6- to 5-day delivery.

Because I have had the personal assurance of Senator McGEE, the distinguished chairman of the Senate Post

Office and Civil Service Committee, that the Commission created under his bill would look into the cost savings and other effects of 5-day delivery, I will not offer the amendment I had prepared. My amendment would have directed the new blue-ribbon Commission to study the feasibility of providing regular delivery service to any mailing address on not more than 5 days in any one week. But the chairman assures me that the mandate of the Commission is sufficiently broad to include this study.

I have been tremendously impressed by the estimated savings in just the State of Oregon. The Portland postal district, which includes virtually all of Oregon, estimates that 5-day delivery would save about \$6 million per year. Currently the Portland postal district oper-

ates with an annual deficit of about \$5 million. Five-day delivery would result in an estimated net savings of about \$1 million per year, and this is just in the State of Oregon.

Particularly in relation to closing small, rural post offices, the best solution to the rising postal deficits may rest with 5-day delivery. I would hope that the Commission thoroughly studies the question of 5-day delivery and reports its findings at the soonest possible time.

Mr. WILLIAM L. SCOTT. Mr. President, I spoke briefly yesterday and oppose this bill for a number of reasons. One is that the 1970 act setting up the Postal Service has not accomplished the purposes the proponents felt that it would. Even though the Postal Reorganization Act of 1970 creating this quasi-independent Government agency provided for various subsidies, the bill before us would add an additional billion dollars over a period of 2 years and undoubtedly result in still further subsidies in the years to come.

Therefore, the desirability of studying the operation of the Postal Service is readily apparent. Rather than creating a new commission, however, to make the study, it would appear that appropriate committees of the Congress could readily perform this function.

While none of us want to see any additional increases in postal rates, one of the major bargaining points when the Postal Service was created was that it would be self-sustaining. To accomplish this the costs of operation must be decreased or postal rates must be increased. Yet this bill would tend to meet the financial gap by more subsidies.

When the measure creating the Postal Service was considered in the House of Representatives in 1970, then Congressman H. R. Gross of Iowa, and I, joined in submitting minority views. Mr. President, I ask unanimous consent that these views commencing at page 252 of the "Explanation of the Postal Reorganization Act," revised in July of this year, as well as my supplemental views beginning at page 257 of the same committee report be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MINORITY VIEWS OF HON. H. R. GROSS AND
HON. WILLIAM L. SCOTT ON H.R. 17070

This legislation, H.R. 17070, reported by a bare majority of the committee, proposes a cure for the problems of the postal service which in the final analysis is worse than the conditions it seeks to remedy.

Change, for the mere sake of change, is dangerous legislative policy. It is absolute misrepresentation to try to fool the American public into thinking that the creation of an "independent establishment" with corporate powers will in itself result in increased efficiency, greater economies, and better service to them.

The basic philosophy behind this legislation is that changing the organization of the Post Office Department will, by itself, provide better postal service to the American people. It is seriously doubtful that such will be the case. The only thing we can reasonably predict is that after this legislation is enacted, postal rates will go up and postal service to the public will be drastically reduced.

RESPONSIBLE TO WHOM?

One of the core issues in postal reform is to whom should the operating head of the postal service be responsible? Under this legislation, the management of the postal service will be insulated from both the public and their representatives in Congress by a nine member politically appointed commission.

Under the terms of the bill, if the claim has any validity that politics will be removed from the postal service, the way is certainly open for personal patronage and cronyism to be substituted.

SERVICE TO THE POSTAL PATRON

If the legislation supported by the majority of the committee is finally enacted, the postal service, as we know it today, will cease to exist. It has been learned that a so-called "5-year plan" is now circulating at Postal Headquarters to be implemented as soon as this legislation is enacted. The plan would eliminate all Saturday delivery service and window service, consolidate existing postal facilities, curtail mail delivery service to colleges and universities, curtail parcel post service, reduce clerical hours, discontinue air taxi service, discontinue airtail first-class mail, and many other services as we now know them.

The question might be asked as to why the postal service has not taken such action prior to this time. The answer is simple—Congress would never permit such a curtailment of postal service to the American public. It will be through this legislation, creating an agency unresponsive to Congress that the postal service will be curtailed and postal rates drastically increased in obedience to a blind "break-even" obsession.

PUBLIC SERVICE

The public service concept of the postal service in the present law has been painstakingly developed by Congress over a period of many years. It provides essential recognition of the public service role of the Post Office Department and assists in keeping postal rates for the public at a reasonable level.

The committee bill is contradictory. First, it recognizes the validity of a public service allowance by starting out with an adequate figure. Then it proceeds to scale down the total allowance over a period of years ending with a low figure produced by a new and unrealistic formula. The new formula, for example, totally wipes out any public service allowance for the deficit incurred in providing the rural areas of America with adequate postal service.

LABOR-MANAGEMENT RELATIONS

The committee report completely sidesteps the critical issue that is created by the labor-management provisions of this bill. It will, if enacted, destroy long-standing personnel policies in the Federal government. Foreexample, the policies enunciated by Presidents Kennedy, Johnson, and Nixon of the

right of all Federal employees to join or to refrain from joining a labor organization are not contained in this legislation.

In a drastic departure from established Federal personnel policies, this legislation removes postal workers from competitive civil service and brings the Postal Service and its employees under the coverage of the Labor Management Relations Act of 1947. This act permits a union and employer to make an agreement requiring all employees to join the union in order to retain their jobs.

Never before in our history has an individual been faced with the requirement of having to join a labor organization if he wished to work for the Federal Government. Once established in the Postal Service, the consequences of this policy throughout the Federal service ought to be apparent to all.

Over the years, by law, and by administrative and judicial actions, all barriers—race, religion, age, sex, ideological beliefs, etc.—have been removed between an American citizen and the privilege of working for his government, but this bill paves the way for union membership as a rigid condition of Federal employment.

If there is any doubt that we are faced with the prospect of a union shop policy for all Federal employees, then here is what George Meany, president of the AFL-CIO had to say in testifying in favor of this bill:

"We in the AFL-CIO hope to be back before this committee in the very near future, urging adoption of a measure that will insure genuine collective bargaining for all aspects of employment for all civilian workers of the Federal Government. We think this bill is only a beginning.

"As we see it, the Congress is today paving the way for a new day in Federal employer-employee relationship."

COLLECTION OF UNION ASSESSMENTS

One of the interesting features that came out of the so-called postal strike negotiations is the language in section 226 of chapter 2 governing the collection of union dues. This "dues checkoff" procedure under both the Labor Management Relations Act and under Executive Order 11491 on Federal employee-management relations is limited to the collection of "regular and periodic dues." Under H.R. 17070, however, the Postal Service will collect not only regular dues, but will collect from the pay of the employees, "regular and periodic" union assessments and initiation fees as well. Even in private industry, labor organizations are not given such a guarantee.

POSTMASTERS

The omissions of this bill are as significant as its commissions. For example, you can look in vain for any language in this legislation which, under the new Postal Service, governs the appointment, qualifications, or residency of postmasters as such. Whether or not the office of postmaster will continue to exist is debatable. If the proponents of this bill wish to install a system of rotating "office managers," then they should tell us so in so many words.

UNACCEPTABLE IN THIS FORM

For these and a multiplicity of other reasons this legislation is unacceptable in its present form. Foremost is the new personnel policy established which is diametrically opposed to the history of our competitive

civil service and it is reason enough to reject the committee bill, H.R. 17070.

H. R. GROSS,
WILLIAM L. SCOTT.

SUPPLEMENTAL VIEWS OF CONGRESSMAN WILLIAM L. SCOTT ON H.R. 17070

While I have joined with my colleague, H. R. Gross, in minority views, I would like to add these supplemental comments.

My primary objections to the bill, H.R. 17070, as reported by the committee are:

(1) The almost unlimited control given the

Postal Service over salaries, conditions of employment, postal rates and expenditures of funds without any responsible control over the Service either by the President or the Congress. In my opinion, all Government officials should be ultimately responsible to the elected representatives of the citizens.

(2) The probability that all postal workers will have to belong to a union in order to retain their Government positions. Compulsory unionism for public workers seems untenable and while it may be argued that section 14(b) of the Taft-Hartley Act would apply to employees of the Postal Service, yet the National Right To Work Committee advises that there are a number of suits questioning the validity of right-to-work laws insofar as they relate to Federal employees or persons employed on Federal property.

(3) Removal of more than 730,000 postal employees, or roughly one-quarter of all Federal civil service workers, from the provisions of the competitive civil service merit system. In my opinion, the appointment and promotion of Federal employees through the civil service laws and regulations is in the interest of both the employees and the Government.

When the committee reported H.R. 4 earlier this year, which was another version of the administration's postal reform legislation, I requested the Comptroller General of the United States and the Chairman of the Civil Service Commission to review the legislation from the point of view of employees' rights and benefits. There is no difference, in this respect, between H.R. 4, as reported, and H.R. 17070, as reported, other than a minor variation that has to do with workmen's compensation. The letters set forth below, therefore, are applicable to the language contained in H.R. 17070.

COMPTROLLER GENERAL OF THE UNITED STATES,

Washington, D.C., March 31, 1970.

Hon. WILLIAM L. SCOTT,
House of Representatives.

DEAR MR. SCOTT: This refers to your letter of March 13, 1970, transmitting for our consideration a copy of the postal reform bill which was reported out of the Committee on Post Office, and Civil Service, House of Representatives, on March 6, 1970. Specifically, you request information regarding the extent to which the rights and benefits of present postal employees would be altered by the provisions of such bill if enacted into law.

Initially, we point out that section 209 of title 39, United States Code, as proposed by section 102 of the bill provides, *inter alia*, that no Federal law dealing with officers and employees of the United States shall apply to the exercise of the powers of the United

"States Postal Service Authority except as otherwise provided in title 39 and except insofar as such laws remain in force as by-laws or regulations of the authority.

Subsection 801(a) of the proposed title 39 provides that the officers and employees of the United States Postal Service Authority shall be in the postal career service, which shall be a part of the civil service, and that appointments and promotions shall be in accordance with procedures established by the Authority. We believe the intent of subsection 801(a) is to remove postal employees from the competitive service. In the competitive service appointments and promotions are based upon merit and fitness as determined by examinations. See U.S.C. 3304 and 3361. However, as stated, subsection 801(a) provides that appointments and promotions shall be in accordance with procedures established by the Authority. It is evident, therefore, that such personnel actions are not to be subject to the laws and regulations governing the competitive service. Moreover, bearing in mind the language of section 209, as discussed above, we note that the provisions

of title 5, United States Code, pertaining to the competitive service, are not specifically made applicable to employees of the Authority.

Subsection 801(a) further provides that the provisions of chapter 75 of title 5 shall be applicable to employees of the Authority subject to the provisions of any collective bargaining agreements and subject to procedures established by the Postal Service (the Authority) and approved by the Civil Service Commission. Chapter 75 of title 5 encompasses provisions derived from the Lloyd-LaFollette Act of 1912 prohibiting removal of individuals in the competitive service except for cause, provisions relating to actions adverse to preference eligibles, provisions relating to removal of hearing examiners, and provisions relating to suspension and removal of employees for reasons related to the national security. Subsection 801(c) of the proposed title 39 specifically adopts the veterans preference provisions of chapter 75 and subsection 1251(b) adopts the hearing examiner provisions. Therefore, we assume that only those provisions of chapter 75 that are derived from the Lloyd-LaFollette Act prohibiting removals except for cause (section 7501) and those concerning national security (sections 7531 and 7532) are subject to collective bargaining agreements and procedures established by the Authority as provided in subsection 801(a).

With the exception of the provisions of title 5 which were formerly known as the Veterans Preference Act and of retirement benefits, which would continue to be provided under the civil service retirement program (chapter 83 of 5 U.S.C.), all compensation, benefits and other terms and conditions of employment would be determined by the Executive Council of the United States Postal Service Authority through collective bargaining in accordance with section 806. No change in those rights occur until affirmative action is taken by the Authority. It is not possible to determine the extent to which benefits such as leave, travel, training, back pay, etc., would be affected by the bill.

With respect to unemployment compensation, compensation for injuries and death, life and health insurance, subsection 803(c) provides that the present statutory provisions

governing such benefits shall apply to employees of the Authority unless varied, added to, or substituted for pursuant to that subsection. However, the subsection provides that no variation in fringe benefits shall result in a program which, on the whole, is less favorable to the employees than that in effect on the date the Authority commences operation. Although the bill provides for employee protection through collective bargaining agreements and sets forth procedures for the settlement of disputes, we note that it does not contain any minimum requirements for compensation such as for fringe benefits but, rather, provides only for comparability with the non-Federal sector. See section 805 of title 39 as proposed.

Under subsection 803(d) any employee of the Post Office Department on the effective date of that section would be eligible to transfer to any position within the Government which is open and for which he is qualified. The subsection places no time limit on such transfers. Compare subsection 803(d) of H.R. 11750, 91st Congress, which provides for a one-year period on transfer eligibility.

In summary, it appears that very few of the statutory provisions presently applicable to postal employees would continue to be mandatorily applicable to them under the bill in question. Generally, however, the provisions of the bill are designed to afford postal employees benefits and protections no less than they presently enjoy.

Sincerely yours,

R. F. KELLER,
Assistant Comptroller General
of the United States.

APRIL 17, 1970.

HON. WILLIAM L. SCOTT,
House of Representatives,
Washington, D.C.

DEAR BILL: We received the House committee print on postal reform which you sent us. In line with your request, we focused on the effect the proposed bill would have on the status of career service employees and what changes would take place in the rights and protections they now have in the event the bill is enacted into law.

Employees of the Post Office Department, with the exception of the nine presidential appointees at headquarters, would automatically become employees of the new Postal Service Authority. Any of these employees serving under a career or career-conditional appointment, as well as any other employee with the same kind of appointment who moves to the Authority later on, would retain his eligibility to return to the competitive service in any position for which he qualifies and for which an agency wishes to hire him.

With respect to changes in the rights and protections afforded employees, nonveterans who now have a right to appeal to the Civil Service Commission in an adverse action would no longer have that right. The Authority is required, however, subject to collective bargaining agreements, to establish procedures which would assure its employees of an opportunity to be heard before adverse actions are taken against them.

Additionally, employees of the Authority may have lesser reemployment rights than other Federal employees on returning from military service. The new section 801(c) provides that insofar as reemployment rights

after military service are concerned, employees of the Authority shall be entitled to them to the same extent and in the same manner as employees in the private sector. This means that if circumstances in the Postal Service change to such an extent that it is considered impossible or unreasonable for the Authority to reemploy a veteran, he would not come under the provision of law that lets the Civil Service Commission direct placement in another Federal agency. Further, the postal employee would no longer be entitled to the benefits of the Commission's regulations under the Military Selective Service Act of 1967 (including the right to be considered for promotion in absentia and the right of appeal to the Commission when an employee claims improper restoration).

It should be noted that there are some questions about the rights of veterans in adverse actions that would have to be resolved if the proposed legislation is enacted in its present form. On the one hand, the new section 801(c) provides that the provisions of title 5 formerly known as the Veterans' Preference Act shall apply to the Postal Service. On the other hand, the new section 801(b) provides that the Authority has the right, consistent with the Labor-Management Relations Act of 1947, as amended, and chapter 11 of title 29, United States Code (the Labor Management Reporting and Disclosure Act of 1959), and consistent with applicable laws, regulations, and collective-bargaining agreements to suspend, demote, discharge, or take other disciplinary action against employees.

The reason a question arises is that section 14 of the former Veterans' Preference Act not only prescribed the procedures to be followed in adverse actions (now chapter 75 of title 5) but also provided that an agency may take adverse action against a preference eligible only after appropriate notice for such cause as will promote the efficiency of the service. Section 14 also provided for appeal to the Civil Service Commission (now chapter 77 of title 5).

Similar questions would have to be resolved in the matter of releasing employees when reductions in work force occur. Under

section 12 of the former Veterans' Preference Act (now subchapter I of chapter 35 of title 5), the method of releasing employees in a reduction in force is established by the terms of the act and the Commission's regulations issued thereunder. But this is another area that would appear to be subject to collective bargaining agreement under the proposed legislation.

I hope the information provided will be useful to you.

Sincerely yours,

ROBERT E. HAMPTON,
Chairman, U.S. Civil Service Commission.

In my opinion this measure should either be recommended to the Post Office and Civil Service Committee to be revised in the aforesaid manner or be defeated.

WILLIAM L. SCOTT.

Mr. WILLIAM L. SCOTT. Mr. President, I believe that a careful study, whether conducted by congressional committees or a specially created commission, will find many defects in the present operation of the Postal Service, and it seems to me that it is time for

us to return legislative oversight to the Congress and administrative responsibility for the operation of the post office to the executive branch of the Government.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Iowa (Mr. CLARK), the Senator from Washington (Mr. MAGNUSON), the Senator from California (Mr. TUNNEY), and the Senator from Iowa (Mr. CULVER) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BROCK) and the Senator from Kansas (Mr. DOLE) are necessarily absent.

I also announce that the Senator from South Carolina (Mr. THURMOND) is absent on official business.

I further announce that the Senator from Utah (Mr. GARN) is absent due to a death in the family.

I further announce that, if present and voting, the Senator from Utah (Mr.

GARN) and the Senator from South Carolina (Mr. THURMOND) would each vote "yea."

The result was announced—yeas 79, nays 9, as follows:

[Rollcall Vote No. 524 Leg.]

YEAS—79

Allen	Gravel	Nelson
Baker	Griffin	Nunn
Bartlett	Hansen	Packwood
Bayh	Hart, Gary	Pastore
Beall	Hart, Philip A.	Pearson
Bellmon	Hatfield	Pell
Bentsen	Hathaway	Percy
Biden	Hruska	Proxmire
Brooke	Huddleston	Randolph
Buckley	Humphrey	Ribicoff

Bumpers	Inouye	Roth
Burdick	Jackson	Schweiker
Byrd,	Javits	Scott, Hugh
Harry F., Jr.	Johnston	Sparkman
Byrd, Robert C.	Kennedy	Stafford
Cannon	Leahy	Stennis
Case	Long	Stevens
Chiles	Mathias	Stevenson
Church	McClellan	Stone
Curtis	McGee	Symington
Domenici	McGovern	Taft
Durkin	McIntyre	Talmadge
Eagleton	Metcalf	Tower
Eastland	Montoya	Weicker
Fong	Morgan	Williams
Ford	Moss	Young
Glenn	Muskie	

NAYS—9

Abourezk	Hollings	Scott,
Fannin	Laxalt	William L.
Goldwater	Mansfield	
Helms	McClure	

NOT VOTING—12

Brock	Dole	Magnuson
Clark	Garn	Mondale
Cranston	Hartke	Thurmond
Culver	Haskell	Tunney

So the bill (H.R. 8603), as amended, was passed.

Mr. McGEE. Mr. President, I move to

reconsider the vote by which the bill was passed.

Mr. FONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the amendments to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGEE. Mr. President, I move that the Senate insist upon its amendments to the bill, request a conference with the House of Representatives thereon, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. McGEE, Mr. RANDOLPH, Mr. BURDICK, Mr. FONG, and Mr. STEVENS conferees on the part of the Senate.

In the Senate of the United States,

August 24 (legislative day, August 23), 1976.

Resolved, That the bill from the House of Representatives (H.R. 8603) entitled "An Act to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes", do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

That this Act may be cited as the "Postal Reorganization Act Amendments of 1976".

SEC. 2. (a) Section 2401(b) of title 39, United States Code, is amended by striking out paragraph (3).

(b) Section 2401 of title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d)(1) There is authorized to be appropriated to the Postal Service the amount of \$500,000,000 to be applied against the accumulated operating indebtedness of the Postal Service as of September 30, 1976.

"(2) There is authorized to be appropriated to the Postal

Service the amount of \$500,000,000 to be applied against the accumulated operating indebtedness of the Postal Service as of September 30, 1977.

“(e) During the period beginning on the date of the appropriation of the funds under subsection (d)(1) and ending on the date on which the Commission on Postal Service is required to transmit the final report required under section 7(f)(1) of the Postal Reorganization Act Amendments of 1976 to the President and each House of Congress, the Postal Service shall not—

“(1) have in effect any permanent or temporary rate of postage or fee for postal services exceeding the rates and fees in effect on the date of enactment of the Postal Reorganization Act Amendments of 1976;

“(2) provide levels and types of postal services which are less than the levels and types of services provided on July 1, 1976;

“(3) close any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976; or

“(4) close any post office where fewer than 35 families receive their mail and which was providing service on July 1, 1976, unless the Postal Service receives the written consent of at least 60 percent of the regular patrons of such office who are at least 18 years of age.

“(f) During the period beginning on the date of the appropriation of the funds under subsection (d)(1) and ending on the date on which the Commission on Postal Service is required to transmit the final report required under section 7(f)(1) of the Postal Reorganization Act Amendments of 1976 to the President and each House of Congress, the Postal Service shall provide door delivery or curblane delivery to all permanent residential addresses (other than apartment building addresses) to which service is begun on or after the date of enactment of the Postal Reorganization Act Amendments of 1976.

“(g) In requesting amounts to be appropriated under this section, the Postal Service shall present to the Committees on Post Office and Civil Service and the Committees on Appropriations of the Senate and the House of Representatives sufficient copies of the budget of the Postal Service for the fiscal year for which funds are requested to be appropriated, and a comprehensive statement relating to the following matters:

“(1) the plans, policies, and procedures of the Postal Service designed to comply with all of the provisions of section 101 of this title;

“(2) postal operations generally, including data on the speed and reliability of service provided for the various classes of mail and types of mail service, mail

volume, productivity, trends in postal operations, and analyses of the impact of internal and external factors upon the Postal Service;

“(3) estimates of the total expenditures and obligations incurred or to be incurred by the Postal Service for the most recent fiscal year for which information is available and for the fiscal year for which funds are requested to be appropriated, and the means by which these estimated expenses will be financed; and

“(4) such other matters as the committees may determine necessary to insure that the Congress is fully and currently consulted and informed on postal operations, plans, and policies.

“(h) The Postal Service shall request an opportunity to appear before the Post Office and Civil Service Committees of the Senate and the House of Representatives to present testimony and respond to questions with respect to such budget and statement. Upon receipt of such request, each such committee shall take such action as it considers appropriate and shall advise the Postal Service of such action.

“(i) The failure of the President to request the appropriation of any part of the funds authorized by this section may not be deemed a failure of appropriations. The failure of the President to request the appropriation of any part of the funds authorized by this section shall not relieve the

Postal Service from the responsibility to comply with the provisions of subsections (e), (f), and (g) of this section.

“(j) The rates established under chapter 36 of this title for zone-rated parcels formerly entered under former chapter 67 of this title shall not be more than 10 percent less than the rates for such mail would be if the funds authorized under subsection (d) of this section were not appropriated.”.

(c) Section 2003 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

“(f) Notwithstanding any other provision of this section, any amounts appropriated to the Postal Service under subsection (d) of section 2401 of this title and deposited into the Fund shall be expended by the Postal Service only for the purposes provided in such subsection.”.

SEC. 3. (a) Section 3601 of title 39, United States Code, is amended to read as follows:

“§ 3601. Establishment.

“(a) The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more

than 3 of the Commissioners may be adherents of the same political party.

“(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.

“(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.

“(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman.”.

(b) The provisions of section 3601(a) of title 39, United States Code, as amended by subsection (a) of this section, shall not apply with respect to any Commissioner of the Postal Rate Commission holding office on the date of the enactment of this Act, except that such provisions shall apply to any appointment of such a Commissioner occurring after the date of the enactment of this Act when such Commissioner has served at least 2 years.

SEC. 4. Section 3604 of title 39, United States Code, is amended to read as follows:

“§ 3604. Administration.

“(a) The Chairman of the Postal Rate Commission shall be the principal executive officer of the Commission. The Chairman shall exercise or direct the exercise of all the executive and administrative functions of the Commission, including functions of the Commission with respect to (1) the appointment of personnel employed under the Commission, except that the appointment of the heads of major administrative units under the Commission shall require the approval of a majority of the members of the Commission, (2) the supervision of the personnel employed under the Commission and the distribution of business among them and among the Commissioners, and (3) the use and expenditure of funds.

“(b) In carrying out any of his functions under this section, the Chairman shall be governed by the general policies of the Commission.

“(c) The Chairman may obtain such facilities and supplies as may be necessary to permit the Commission to carry out its functions. Any officer or employee appointed under this section shall be paid at rates of compensation and shall be entitled to programs offering employee benefits established under chapter 10 or chapter 12 of this title, as appropriate.

“(d)(1) The Commission shall periodically prepare

and submit to the Postal Service a budget of the Commission's expenses, including, but not limited to, expenses for facilities, supplies, compensation, and employee benefits. The budget shall be considered approved—

“(A) as submitted if the Governors fail to act in accordance with subparagraph (B) of this paragraph;
or

“(B) as adjusted if the Governors holding office, by unanimous written decision, adjust the total amount of money requested in the budget.

Subparagraph (B) shall not be construed to authorize the Governors to adjust any item included within the budget.

“(2) Expenses incurred under any budget approved under paragraph (1) of this subsection shall be paid out of the Postal Service Fund established under section 2003 of this title.

“(e) The provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate.”.

SEC. 5. (a) Section 3624 of title 39, United States Code, is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

“(c) (1) Except as provided by paragraph (2) of this subsection, in any case in which the Postal Service makes a request under section 3622 of this title for a recommended

decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services the Commission shall transmit its recommended decision to the Governors under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.

“(2) In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request made by the Postal Service under section 3622 by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) of this subsection by one day for each day of such delay.”.

(b) The amendment made by subsection (a) shall not apply to any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, requested on September 18, 1975, by the United States Postal Service in a request which bears or which at any time has been included under Postal Rate Commission Docket Number R76-1.

SEC. 6. (a) Section 3641 of title 39, United States Code, is amended to read as follows:

“§ 3641. Temporary changes in rates and classes.

“(a) In any case in which the Postal Rate Commission fails to transmit a recommended decision on a change in rates

of postage or in fees for postal services to the Governors in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage and in fees for postal services in accordance with the proposed changes under consideration by the Commission. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.

“(b) Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated income, including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.

“(c) Notwithstanding the provisions of subsection (b), the Postal Service may not establish any temporary rate for a class of mail or any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.

“(d) Any temporary change in rates of postage or in fees for postal service made by the Postal Service under this section shall remain in effect no longer than 150 days after

the date on which the Commission transmits its recommended decision to the Governors under section 3624(d) of this title, unless such temporary change is terminated by the Governors before the expiration of such period.

“(e) If the Postal Rate Commission does not transmit to the Governors within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has re-submitted, to the Commission a request for a recommended decision on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days’ notice in the Federal Register, may place into effect temporary changes in the mail classification schedule in accordance with proposed changes under consideration by the Commission. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its recommended decision to the Governors.

“(f) If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, and fees for postal services, or in the mail classification schedule.”.

(b)(1) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with

respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage and in fees for postal services requested on September 18, 1975, by the United States Postal Service in a request which bears or which at any time has been included under Postal Rate Commission Docket Number R76-1.

(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of the enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a recommended decision, bearing Docket Number R76-1.

SEC. 7. (a) (1) There is hereby established the Commission on Postal Service (hereinafter in this section referred to as the "Commission"). The Commission shall be composed of 12 members, to be selected as follows:

(A) 4 appointed by the President of the United States, of whom one shall be appointed as Chairman;

(B) 3 appointed by the President pro tempore of the Senate, of whom one shall be an individual who is a member of the work force of the United States Postal Service;

(C) 3 appointed by the Speaker of the House of Representatives, of whom one shall be an individual

who is a member of the work force of the United States Postal Service;

(D) the Postmaster General of the United States, *ex officio*; and

(E) the Chairman of the Postal Rate Commission, *ex officio*.

(2) The members of the Commission shall be appointed within 15 days following the date of the enactment of this Act.

(3) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as original appointment.

(b) The Commission shall identify and study the problems facing the United States Postal Service and recommend actions to be taken to resolve those problems. The Commission shall not be limited to any particular subject areas for consideration but the Commission shall consider the desirability and feasibility of allowing—

(1) the carriage of mail by private express or carrier, and

(2) a private carrier of mail to deposit any mailable matter in any letter box established, approved, or accepted by the Postal Service.

(c) (1) For purposes of carrying out its functions under this section, the Commission may sit and act at such times

and places and receive such evidence and testimony as it considers advisable.

(2) The Commission may secure directly from any department or agency of the United States information and assistance necessary to carry out its duties under this section. Each department or agency is authorized and directed, to the extent permitted by law and within the limits of available funds, to furnish information and assistance to the Commission.

(3) When so authorized by the Commission, any member or agent of the Commission may take any action which the Commission is authorized to take by this section.

(4) All meetings, hearings, conferences, or other proceedings of the Commission shall be open to the chairmen of the appropriate committees of the Congress or their designees and reasonable notice of such meetings or hearings shall be given to such chairmen or their designees.

(d)(1) Except as provided in paragraph (2), members of the Commission each shall receive as compensation the daily equivalent of the annual rate of basic pay in effect for Grade GS-18 for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Commission.

(2) Members of the Commission who are full-time offi-

cers or employees of the United States shall receive no additional pay on account of their service on the Commission.

(3) While away from their homes or regular places of business in the performance of service for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5, United States Code.

(e) The Commission may appoint and fix the compensation of such personnel as it considers advisable without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and such personnel may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at a rate not to exceed the maximum rate authorized by the General Schedule. The Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for the maximum rate authorized by the General Schedule.

(f) (1) The Commission shall transmit to the President

and to each House of the Congress a final report containing a detailed statement of its findings and recommendations, together with any individual views, on or before February 15, 1977.

(2) The Commission shall not be required to obtain the clearance of any Federal agency before the transmittal of its report.

(g) The Commission shall cease to exist 60 days after the transmission of its final report under subsection (f) and all offices and employment under it shall then expire.

(h) There are authorized to be appropriated to the Postal Service Fund established under section 2003 of title 39, United States Code, without fiscal year limitation, such sums as may be necessary to carry out the provisions of this section. Expenses incurred by the Commission shall be paid out of the Postal Service Fund.

SEC. 8. Section 3623(b) of title 39, United States Code, is amended by striking out "Postal Service" the second time it appears therein and inserting in lieu thereof "Governors".

SEC. 9. (a) Section 404 of title 39, United States Code, is amended by inserting "(a)" immediately before "Without" and by adding at the end thereof the following new subsection:

"(b)(1) The Postal Service, prior to making a deter-

mination under subsection (a)(3) as to the necessity for the closing or consolidation of any post office, shall provide adequate notice of its intention to close or consolidate such post office at least 60 days prior to the proposed date of such closing or consolidation to persons served by such post office to insure that such persons will have an opportunity to present their views.

“(2) The Postal Service, in making a determination whether or not to close or consolidate a post office, shall consider—

“(A) the effect of such closing or consolidation on the community served by such post office;

“(B) the effect of such closing or consolidation on employees of the Postal Service employed at such office;

“(C) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101(b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

“(D) the economic savings to the Postal Service resulting from such closing or consolidation; and

“(E) such other factors as the Postal Service determines are necessary.

“(3) Any determination of the Postal Service to close

or consolidate a post office shall be in writing and shall include the findings of the Postal Service with respect to the considerations required to be made under paragraph (2). Such determination and finding shall be made available to persons served by such post office.

“(4) The Postal Service shall take no action to close or consolidate a post office until 60 days after its written determination is made available to persons served by such post office.

“(5) A determination of the Postal Service to close or consolidate any post office may be appealed to any court of appeals of the United States within 30 days after such determination is made available to persons served by such post office under paragraph (3). The court shall review such determination on the basis of the record before the Postal Service in the making of such determination. The court shall hold unlawful and set aside any determination, findings, and conclusions found to be—

“(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law;

“(B) without observance of procedure required by law; or

“(C) unsupported by substantial evidence on the record.

The court may affirm the determination or order that the entire matter be returned for further consideration, but the court may not modify the determination. The court may suspend the effectiveness of the determination until final disposition of the suit by the court.”.

(b) The amendment made by this section shall take effect on the day after the date on which the Commission on Postal Service transmits its final report under section 7(f)(1) of this Act.

SEC. 10. Section 3401(b)(1)(B) of title 39, United States Code, is amended by striking out “15 pounds” and “60 inches” and substituting in lieu thereof “70 pounds” and “100 inches”, respectively.

Attest:

Secretary.

CONGRESSIONAL RECORD—HOUSE

August 26, 1976

APPOINTMENT OF CONFEREES ON
H.R. 8603, POSTAL REORGANIZA-
TION ACT AMENDMENTS OF 1975

Mr. HENDERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. ALEXANDER. Reserving the right to object, Mr. Speaker, it is my intention to offer a motion to instruct the conferees before their appointment to adhere to the House position as adopted by the House on the postal reform bill last October on two specific amendments that were adopted; namely, my amendment which requires the Postal Service to come to Congress for an annual authorization and an annual appropriation and; two, the Buchanan amendment which requires Presidential appointment and Senate confirmation of the Postmaster General and his Chief Deputy.

On Tuesday, the Senate passed a postal bill that passes the postal buck to the next Congress.

This is not a do-nothing Congress, but it may be a pass-the-buck Congress.

The Senate bill fails to include the House-passed amendments:

First. To require annual authorization and appropriation for the Postal Service;

Second. Fails to require Presidential appointment and Senate confirmation of the Postmaster General and Chief Deputy;

No matter who you are: "Butcher, baker, candlestick maker, rich man, poor man, beggar man, thief," everyone needs an efficient mail service and unless the Congress exercises its responsibility the Postal Service will collapse because the American taxpayer will not continue to tolerate the wastes, favoritism, inefficiency and excesses of the Washington postal establishment that has characterized its 6 years of operation.

The Washington postal establishment has doubled its own bureaucracy while cutting back the work force and service.

The mismanagement of the Postal Service has produced a loss of revenues, an increase in postal rates, and a reduction in service.

Despite the fact that investigations conducted by the Postal Facilities, Mail and Labor Management Subcommittee and other congressional committees have consistently revealed glaring evidence of misjudgments by top-level postal management, and despite ever-rising public dissatisfaction with deteriorating service, the so-called McGee compromise version of H.R. 8603 currently being debated by the Senate has removed all accountability requirements.

POSTAL SERVICE FAVORITISM

First. Forty-four percent of dollar value of USPS procurement contracts in fiscal year 1974 were noncompetitive, resulting in cost overruns of \$30.6 million.

Second. Over \$6 million in cost overruns are on four contracts awarded to a former Postmaster General; \$830,000 in cost overruns are on contracts awarded to a crony of a former Postmaster General; and

Third. The amount of \$23,000 was paid by a large postal customer to a member of the sitting Board of Governors for consultative services.

POSTAL SERVICE WASTE

First. USPS has spent as much as \$732 per day for consultative services; another consultant is receiving \$600 per day; two others receive \$500 per day;

Second. USPS spent almost \$1 million to produce a coloring book to teach children to address and stamp an envelope; and

Third. USPS, as part of a \$5 million advertising campaign, engaged in an extensive media push to encourage people to use air mail in 1972, only to tell us in 1975 that they are doing away with the air mail designation since the mail does not arrive any faster.

POSTAL SERVICE INEFFICIENCY

First. USPS has committed \$43.4 million in contracting costs on equipment that is not suitable for production; will cost to 2 to 30 times more than existing systems; and will result in no substantial manpower savings.

Second. Without consideration of recruitment in-house or through civil service, USPS instituted an executive recruitment program totaling \$660,000 in contractual costs to fill 78 positions, or an average cost of more than \$8,400 per individual hired; and

Third. Mechanization in USPS has actually increased the quantity of missent mail. GAO reports show that operators of letter sorting machines keyed 9.1 percent of the mail incorrectly. Even after screening, 3.6 percent of the mail between States was missent due to incorrect keying and machine error. An addi-

tional 3.1 percent of the mail sent between States was missent because correctly keyed mail was mishandled after sorting. Missent mail was delayed an average of 3 days beyond delivery standards because no effort was made to remove it from the normal processing system.

In August of 1970, President Nixon signed into law the new Postal Service. At the time, the Congress provided:

A \$10 billion capital improvement fund to update the physical plant;

A sum of \$920 million annually as a public service subsidy to keep the small post offices open; and

An annual subsidy for the magazines, newspapers, et cetera which amounts to \$307 million.

In spite of this financial assistance, the Postal Service has gone from assets of \$3.4 billion in 1970 to an estimated deficit of \$4.5 billion by the end of fiscal 1977. The U.S. Postal Service is flat broke, and on the verge of collapse.

The problem is not really financial, it is managerial. We have watched the dismantling of the Postal Service over the objection of the people, and the Congress so far is unwilling to do anything about it. On October 1975, the House by a vote of 289 to 124 recognized the crisis by stating categorically that it would not approve any further moneys for the Postal Service without an accounting and annual authorization. After this vote, the House leadership succeeded in getting the bill back into committee, but when reported out with provisions similar to the Senate bill, the House again insisted on the appointment of the Postmaster General and annual authorization.

I believe the proper course of action is for the House to insist on its amendments to require annual authorization and appropriation for the USPS and to require Presidential appointment and Senate confirmation of the PMG and the Chief Deputy.

Congress will not permit the USPS to collapse. We can enact a supplemental appropriation bill providing a \$500 million subsidy ending February 15, 1977. Then we will have answered the cries of the American people for postal reform by establishing a date certain to resolve this problem.

Every taxpayer should take a good look at this vote to table: a "yes" vote is to give a blank check to the PS and a continuation of the excesses of the past 6 years; a "no" vote is for oversight of Congress' accountability to the American people.

Further reserving the right to object, I have a question to ask the chairman of the Committee on Post Office and Civil Service, the gentleman from North Carolina (Mr. HENDERSON). Is it the gentleman's intention to offer a motion to

table immediately following my offering of a motion to instruct? Further, is it the gentleman's understanding that in so doing he would cut off all debate, which would preclude a discussion of this matter?

Mr. HENDERSON. Mr. Speaker, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from North Carolina for the purpose of answering my question.

Mr. HENDERSON. I thank the gentleman for yielding.

In response to the gentleman's question, under the rules it would be in order, and I will offer a motion to table the gentleman's motion to instruct the conferees. If it is the will of the House that it be tabled, the gentleman's conclusion is right that there would be no further debate.

If it is not, then there would be debate on the gentleman's motion, with the time being controlled by the gentleman, and then the vote would occur on whether the House would instruct its conferees.

Mr. ALEXANDER. Further reserving the right to object, I would like to ask the distinguished gentleman from North Carolina, is it his opinion as chairman of the committee that this is such an insignificant matter that it deserves no debate in the House of Representatives?

Mr. HENDERSON. Will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman for the purpose of answering my question.

Mr. HENDERSON. It is my opinion that the issue before the House is a clear one, and that is simply whether it is going to instruct its conferees and thus tie their hands before they are even able to sit down with the Senate conferees and attempt to resolve and get to our differences.

Mr. ALEXANDER. Further reserving the right to object, Mr. Speaker, is it not so, I ask the chairman, that the Senate bill would provide an open end appropriation to the Postal Service for a period of time beginning on enactment and ending in September of 1977 for \$1 billion without the Postal Service having to account to this Congress for the spending of those funds?

Mr. HENDERSON. It is the understanding of the gentleman from North Carolina that there is \$1 billion authorized by the Senate bill, but that will be a matter that will be subject to the conference and maintaining the position of the House in all respects will be the responsibility of the House conferees. There was no such authorization in the House legislation.

Mr. ALEXANDER. Further reserving the right to object, I would like to ask the gentleman from North Carolina, is it not

the law under section 2004 of the Postal Reorganization Act of 1970 that such funds have already been authorized and merely need an appropriation from the Congress?

Mr. HENDERSON. Mr. Speaker, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from North Carolina for the purpose of answering my question.

Mr. HENDERSON. The gentleman has asked for a legal interpretation of law that the chairman of the committee at this time is not prepared to answer. I am aware that there are varying interpretations of that provision.

Mr. ALEXANDER. Further reserving the right to object, I would like to advise the chairman of the committee that under section 2004 of the Postal Reorganization Act of 1970, an open end authorization has been enacted into law which requires only that the Postal Service come to Congress for an appropriation when such funds are needed in order to provide financial assistance to that independent agency.

And further reserving the right to object, Mr. Speaker, does not the chairman

of the committee realize that the American people are so dissatisfied with the manner in which the Postal Service has been mismanaged over the last 6 years that this is such an important matter that it deserves some debate on the floor of the House of Representatives in order that we can get this issue out so that every Member can understand the significance of his or her vote on this motion to instruct?

It is my feeling that a vote for the motion to instruct is a vote for oversight and is a vote for accountability to the American people. A vote against the motion to instruct is a vote for a continuation of the mismanagement and the wasteful policies of the Postal Service over the last 6 years.

Would the gentleman from North Carolina not consent to the fact that debate on this important matter is of importance to this body?

Mr. HENDERSON. If the gentleman will yield so that I might respond to his question, certainly the rules of the House permit debate on this matter as well as no debate. This question is subject to the will of the Members of the House of Representatives and will be decided by voting on my motion to table. I would remind the gentleman that when the House considers the conference report, that would afford an opportunity to debate this matter further.

I feel sure that the Members of the House can make up their minds as to what is in the best interests of their constituents and the country and they will have ample opportunity to do so.

Mr. ALEXANDER. Mr. Speaker, fur-

ther reserving the right to object, is it the position of the chairman that a vote for the gentleman's motion to table would be a vote against the House-passed amendments that prevailed in October of last year?

Mr. HENDERSON. Mr. Speaker, if the gentleman will yield further, it would not be the position of the chairman of the committee that that is the case. It simply would mean that the conferees to be appointed by the Speaker on the part of the House would go to the conference and do their very best to uphold the position of the House in resolving the differences between the House and the Senate and bring back the very best legislation by way of a conference report to the House for enactment in this Congress, so that we could meet the needs of the Postal Service for the American people.

Mr. ALEXANDER. Mr. Speaker, further reserving the right to object, I would disagree with the position and the statement of the gentleman from North Carolina and because of that disagreement I would think we need more debate on this issue, so that we could have the opportunity to address the specific questions that are contained in the Senate bill which are of importance to this House, as evidenced by the fact that the House on two specific occasions last year passed my amendment; one by a 2 to 1 margin and the second time by an overwhelming margin, to require the Postal Service to come to the Congress for annual authorization and an annual appropriation.

I would think because of the differences of opinion that the gentleman from North Carolina and I have on this subject that it is meritorious of debate. Would the gentleman not agree with that difference?

Mr. HENDERSON. Mr. Speaker, if the gentleman will yield further, I know there are definite differences of opinion with regard to specific questions; but the very purpose of a conference between this body and the Senate is to try to resolve the differences between the two bills. I believe that the conferees, who are most knowledgeable about the problems and the law affecting the operation of the Postal Service, will bring back to the House the very best product that can be brought from the conference.

I certainly believe that we can do this best if we are not instructed, as the gentleman from Arkansas wishes to do.

Mr. ALEXANDER. Mr. Speaker, further reserving the right to object, I yield to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Speaker, I wonder if the chairman of the committee would not tell us whether an agreement has already been

made since the conference started, because it is suggested that without even having a conference, they have already made an agreement on the bill.

Mr. HENDERSON. Mr. Speaker, will the gentleman from Arkansas yield further?

Mr. ALEXANDER. I yield.

Mr. HENDERSON. Mr. Speaker, in response to the question of the gentleman from California, even since we had the colloquy yesterday, I am not conversant with all the provisions in the Senate bill. Therefore, it would not be possible and, in fact, no agreement that has been reached.

Mr. Speaker, that is the simple purpose of a conference, identify the differences, resolve those differences as best we can on behalf of the House in a manner that will best reflect the earlier action of the House. That would be my intention as chairman of the conferees of this body.

Mr. ALEXANDER. Mr. Speaker, further reserving the right to object, I yield to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Speaker, I do not know whether the quotations attributed to the Senator from Wyoming, the chairman of the Committee on Post Office in the Senate, are reliable or not; but the Senator was quoted as saying that an agreement had been reached between the leadership of the two Post Office Committees on the content of the bill that was passed out of the Senate.

I do not know who the leadership of the House was. I was not consulted on it, but that was his quote, anyway. I assume that the gentleman was speaking a truthful fact.

Has there been an agreement made to accept the bill in principle, with one or two, perhaps minor, exceptions that the gentleman may have?

Mr. HENDERSON. If the gentleman would yield further, I saw the quote the gentleman referred to in the newspaper.

I was not quoted and I can assure the gentleman that no agreement has been reached between potential House conferees and the conferees of the other body. The purpose of the conference is to achieve a resolution of those differences by all conferees and not solely by one.

Mr. ALEXANDER. Mr. Speaker, further reserving the right to object, I would like to ask the gentleman from California (Mr. CHARLES H. WILSON), chairman of the Subcommittee on Postal Facilities, does he not support my motion to instruct the conferees to adhere to the House position?

Mr. CHARLES H. WILSON of California. I chair the Subcommittee on Postal Facilities, Mail and Labor Manage-

ment. As a result of hearings my subcommittee has conducted, we have found that there is great need for the Postal Service to be accountable to the Congress. We have no way of knowing what revenues are coming in, and no way of knowing what expenditures are going out. The only thing we have is the word of the Postal Service.

They are playing games with the labor unions on contracts, playing games with mailers. In my opinion, the bill we are going to be asked to appoint conferees to so that they can agree with the Senate bill is one that satisfies the mailers. It keeps the unions happy because they are going to keep having sweetheart contracts without having any oversight by the Congress.

There are so many things that are improper about it that I think it does have to be revised. I do remind the gentleman also that we are not in any great emergency on this problem, because in the Appropriations Committee, the gentleman will recall, a group of us introduced a bill—

POINT OF ORDER

Mr. DERWINSKI. Mr. Speaker, a point of order.

The discussion is going far beyond the point of order made by the gentleman from Arkansas. It is obvious that this is a discussion far removed from the point, and I wish we would stay on that point, if it is possible for the gentleman to be precise in his remarks.

Mr. ALEXANDER. Mr. Speaker, I am reserving the right to object. I have not made a point of order. I have reserved the right to object, and I would ask the gentleman from California to answer my question.

Mr. CHARLES H. WILSON of California. In addition to the things I have already stated, I think the bill that is in Mr. STEED's committee can be moved anytime we need to. It takes care of appropriations, prevents the Postal Service from increasing rates and protects the service that is now being given to the public. This is all that is needed at this time. It will take care of the problems that have to be resolved immediately.

None of the mailers have to have their rates increased. The labor unions are free to argue and sleep with the Postal Service management as much as they want to, and things will be left the way they are.

Mr. ALEXANDER. Further reserving the right to object, I would like to ask the gentleman from California, (Mr. ROUSSELOT) if it is not true that the U.S. Postal Service has taken assets of \$3.4 billion which it had in 1970, and turned that into almost an \$8 billion loss by 1976. Is that correct?

Mr. ROUSSELOT. If the gentleman will yield, the best figures we can obtain

show that the former equity position has, in fact, been badly diminished. It is hard to get a correct accounting of the amount of the deficit that has now been created because, as many Members know, under the Postal Reorganization Act this new organization can basically—and does many times—thumb its nose at Congress. Consequently, they do not give us full information.

But, the gentleman is correct, the best figures we can get show that they have created a substantial deficit. They have had to borrow heavily in the marketplace, not just for capital expenditures as was originally contemplated in the legislation, but to make up operating deficits so that they will not have to come to Congress for additional appropriations.

Mr. Speaker, will the gentleman from Arkansas (Mr. ALEXANDER) yield further for a question?

Mr. ALEXANDER. Mr. Speaker, further reserving the right to object, I yield to the gentleman from California (Mr. ROUSSELOT) to finish his statement.

Mr. ROUSSELOT. I thank the gentleman for yielding.

Mr. Speaker, I have a question I would like to direct to the very distinguished chairman of the committee. We had a colloquy yesterday. Has the chairman of the committee now had an opportunity to review the differences between the two bills, the Senate bill and the House bill?

The reason I ask that question is that yesterday the chairman suggested that he had not had an opportunity to review it. I realize there are quite a few differences. But can the gentleman give us a thumbnail review of some of the major differences?

Mr. Speaker, the reason that becomes important is that I may be constrained to object, if we are going to have a cut-off of debate here by a motion to table and disallow the Members of this House to have a full debate on the issue of the postal amendments. Many of us are plagued daily by demands from our constituencies to know why we have not done a better job of oversight on this so-called postal reform group, which resulted from the Postal Reorganization Act of 1970, that great act that was passed 6 years ago.

Therefore, I would like to ask my chairman if he has had an opportunity to really review the basic differences between this bill and the Senate version.

Mr. HENDERSON. Mr. Speaker, will the gentleman from Arkansas (Mr. ALEXANDER) yield?

Mr. ALEXANDER. Mr. Speaker, further reserving the right to object, I yield to the gentleman from North Carolina (Mr. HENDERSON) for the purpose of responding to the question posed by the gentleman from California (Mr. ROUSSELOT.)

Mr. HENDERSON. I thank the gentleman for yielding.

Mr. Speaker, in response to the question of the gentleman from California, the gentleman from North Carolina, to the best extent that he has been able, since the colloquy yesterday and at this moment, has been directing his attention to responding to what he understood would be the proposed motion to instruct. This motion encompasses a rather narrowly defined area of difference between the House and the Senate versions of H.R. 8603. If the Members of the House do not support my motion to table, then I have anticipated and I have devoted my time to preparing the debate that will be held on the motion to instruct.

There are differences other than those covered in the proposed motion that I keep learning about. But in the short time we have had, there was no way I could prepare myself to give a full discussion of what the differences are.

It would be the intent of the chairman of the conference, as soon as we are permitted to go to conference, to have our own staff brief us, as fully as they can, before we go to conference with the other body.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman from Arkansas (Mr. ALEXANDER) yield further?

Mr. ALEXANDER. Mr. Speaker, further reserving the right to object, I yield to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, there are many areas to ferret out and find out as to what the differences are between the House and Senate bills.

By the way, I had a chance last night to go through what is known as the committee print of the differences between these two bills as of July 27. They do seem rather substantial. I feel that the Alexander amendment deals only with one portion.

Can the gentleman assure us that we will not go to conference before next week, so that we really have a chance to dig into these substantial differences, or will there be a chance of going to conference tomorrow?

Mr. HENDERSON. Mr. Speaker, will the gentleman from Arkansas (Mr. ALEXANDER) yield further?

Mr. ALEXANDER. Mr. Speaker, I yield to the gentleman from North Carolina (Mr. HENDERSON) for the purpose of responding to the question put by the gentleman from California (Mr. ROUSSELOT).

Mr. HENDERSON. I thank the gentleman for yielding.

Mr. Speaker, the gentleman from North Carolina, as chairman of the conference, would intend to call a meeting as quickly as we can after my unanimous consent request is agreed to. I am ad-

vised that our staff is prepared to brief the conferees and I feel we will be fully prepared in a short time to go to conference with the other body.

Mr. ROUSSELOT. If the gentleman will yield further, does that mean tomorrow?

Mr. HENDERSON. Mr. Speaker, I think it depends upon when this pending action is concluded. I would anticipate that within a day or so after the conferees are appointed they will be prepared. I have no communication or information as to when the conferees of the other body will be prepared, but I can assure the gentleman from California (Mr. ROUSSELOT) that the conferees on the House side will not be forced to go into conference until the majority of the conferees are satisfied that they are adequately prepared at the time they meet in conference with the other body.

PARLIAMENTARY INQUIRY

Mr. ALEXANDER. Mr. Speaker, I desire to put a parliamentary inquiry to the Chair.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ALEXANDER. Mr. Speaker, if an objection is heard, is it not so that the procedure that would be followed is for the chairman of the committee to go to the committee, convene the committee, and get a motion to come back to the floor asking for a conference, and that that then would be subject to 1 hour of general debate? Is that not so?

The SPEAKER. That is one avenue of approach, the gentleman is correct.

Mr. HANLEY. Mr. Speaker, will the gentleman from Arkansas yield?

Mr. ALEXANDER. Mr. Speaker, further reserving the right to object, I yield to the gentleman from New York (Mr. HANLEY) only for the purpose of asking a question.

Mr. HANLEY. Mr. Speaker, I thank the gentleman for yielding.

Regretfully, I must question the gentleman's objectivity in that it is rather obvious that questions that should have been directed to the area of this jurisdiction, which is the Subcommittee on Postal Service, were instead directed to the jurisdiction of the gentleman from California (Mr. CHARLES H. WILSON), who is chairman of the Subcommittee on Postal Facilities, Mail, and Labor Management, and who has not at all been involved in this subject matter. So I am forced to question the gentleman's objectivity, and for the benefit of those who have been listening, that hopefully transmits a bit of a message in that the gentleman from California (Mr. CHARLES H. WILSON) happens to support the position of the gentleman from Arkansas (Mr. ALEXANDER).

I would have enjoyed the opportunity

of responding to the questions that should have been directed to this area of jurisdiction.

Mr. Speaker, again I thank the gentleman for yielding.

Mr. ALEXANDER. Mr. Speaker, I appreciate the gentleman's position.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman for yielding.

I would like to ask the chairman of my subcommittee, the distinguished gentleman from North Carolina (Mr. HENDERSON), is there any great rush so that

we cannot go and get a rule and come back to the House on, say, Monday or Tuesday and proceed under a regular rule? Would there be any great catastrophe if the conference met next week? I know the gentleman could get a rule very quickly. Is there any problem posed with getting a rule and just coming in and considering this at that time?

Mr. HENDERSON. Mr. Speaker, will the gentleman yield so that I may respond to the question asked by the gentleman from California?

Mr. ALEXANDER. I yield to the gentleman from North Carolina for the purpose of responding.

Mr. HENDERSON. Mr. Speaker, I know that the gentleman from California (Mr. ROUSSELOT) has been a member of the Committee on Post Office and Civil Service for many years. I am at a loss in this instance to understand what all the difficulty is about.

It seems to me that here we have a rather routine request that the Speaker appoint conferees on the part of the House so that we may go to conference with the Senate. I think that everyone realizes that we are near the end of this Congress, and that this legislation has had as much attention as any in the House and more recently in the other body. Surely our conferees ought to be free to act in attempting to resolve the differences between the two bodies and come back with a very fine compromise, one that we would recommend to the President for enactment.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield further, does that mean the gentleman from North Carolina (Mr. HENDERSON) does not have any great objection to going in and getting a rule for the consideration of this matter before going to conference?

Mr. HENDERSON. Mr. Speaker, will the gentleman yield further?

Mr. ALEXANDER. I yield to the gentleman from North Carolina for the purpose of responding to the question.

Mr. HENDERSON. Mr. Speaker, the gentleman from North Carolina does not

believe that this matter could be resolved by following that procedure between now and the proposed adjournment date, so I certainly would object. Everything that I am trying to do with regard to this matter is to prevent delay and is directed toward expediting the legislation, but with as great care as we can exercise to protect the prerogatives and will of this body.

Mr. ALEXANDER. Mr. Speaker, I agree with the gentleman from North Carolina (Mr. HENDERSON). I do not want to delay the proceedings of this body either, and I will not object. However, I will advise the Speaker that I have a motion to instruct at the desk which I will insist upon offering immediately following the granting of the unanimous-consent request.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

MOTION OFFERED BY MR. ALEXANDER

Mr. ALEXANDER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Alexander moves that the Managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill, H.R. 8603, be instructed to insist upon (1) section 2(a) and section 2(c) of such bill as passed the House; (2) section 2401(b)(1) of title 39, U.S. Code, as added by section 2(b) of such bill as passed the House; and (3) section 16 of such bill as passed the House.

MOTION TO TABLE OFFERED BY MR. HENDERSON

Mr. HENDERSON. Mr. Speaker, I move that the motion offered by the gentleman from Arkansas (Mr. ALEXANDER) be laid on the table.

PARLIAMENTARY INQUIRIES

Mr. ALEXANDER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ALEXANDER. Mr. Speaker, is it not so that the parliamentary situation is that my motion is entitled to 1 hour of general debate on that motion, the time to be controlled by me as the person who is offering the motion; but in view of the fact that the gentleman from North Carolina (Mr. HENDERSON) has offered a motion to table, a vote for that motion would preclude any debate and preclude any consideration of the motion to instruct? Is that correct, Mr. Speaker?

The SPEAKER. The Chair will state that if the motion to table is voted upon and rejected, 1 hour will be allotted to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Speaker, I have a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. ALEXANDER. Mr. Speaker, I do not insist upon the full hour of general debate if the motion to table is voted down, but I would like to advise the Members that a vote against the motion to table is a vote for the motion to instruct.

The SPEAKER. The Chair will inform the gentleman that that is not a parliamentary inquiry.

PARLIAMENTARY INQUIRY

Mr. ROUSSELOT. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. ROUSSELOT. Mr. Speaker, is the motion to table in writing?

The SPEAKER. The Chair will state that it is.

The question is on the motion to table.

The question was taken; and the Speaker announced that the yeas appeared to have it.

Mr. HENDERSON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 234, nays 153, not voting 44, as follows:

[Roll No. 663]

YEAS—234

Addabbo	Goldwater	Oberstar
Ambro	Gonzalez	Obey
Anderson, Ill.	Grassley	O'Brien
Andrews, N.C.	Gude	O'Hara
Andrews,	Guyer	Passman
N. Dak.	Haley	Patten, N.J.
Annunzio	Hall, Ill.	Pattison, N.Y.
Armstrong	Hamilton	Perkins
Ashley	Hammer-	Pike
Aspin	schmidt	Freyer
AuCoin	Hanley	Price
Baldus	Harkin	Rangel
Beard, R.I.	Harrington	Rees
Bedell	Harris	Regula
Bergland	Harsha	Reuss
Biaggi	Hayes, Ind.	Rhodes
Biester	Helstoski	Richmond
Bingham	Henderson	Rinaldo
Blanchard	Hicks	Rodino
Blouin	Hillis	Roe
Boggs	Holzman	Roncalio
Boland	Horton	Rooney
Bolling	Howard	Rosenthal
Bonker	Hubbard	Rostenkowski
Bowen	Hughes	Roush
Brademas	Hungate	Roybal
Brodhead	Hyde	Ruppe
Brown, Calif.	Johnson, Calif.	St Germain
Brown, Mich.	Jones, Ala.	Santini
Brown, Ohio	Jordan	Sarbanes
Burke, Mass.	Karth	Schneebeli
Burton, John	Kastenmeier	Sebelius
Butler	Kazen	Seiberling
Carney	Kemp	Sharp
Cederberg	Krueger	Shipley
Clay	LaFalce	Shriver
Cochran	Lagomarsino	Simon
Cohen	Landrum	Slack
Conable	Leahy	Smith, Nebr.
Conte	Lent	Solarz
Conyers	Long, La.	Spellman
Cornell	Long, Md.	Staggers
Coughlin	Lott	Stanton,

Crane	Lundine	J. William
D'Amours	McClory	Stark
Daniels, N.J.	McCollister	Steed
Delaney	McDade	Steiger, Wis.
Dellums	McEwen	Stephens
Dent	McFall	Stokes
Derwinski	McHugh	Stratton
Dingell	McKay	Studds
Dodd	Madden	Sullivan
Downey, N.Y.	Madigan	Taylor, Mo.
Drinan	Maguire	Taylor, N.C.
Duncan, Oreg.	Matsunaga	Thompson
du Pont	Mazzoli	Thone
Eckhardt	Meeds	Treen
Edgar	Meyner	Tsongas
Edwards, Ala.	Mezvinzsky	Udall
Edwards, Calif.	Michel	Ullman
Eilberg	Mikva	Vander Jagt
Emery	Milford	Vander Veen
Erlenborn	Miller, Calif.	Vanik
Fary	Mineta	Vigorito
Fenwick	Minish	Walsh
Findley	Mink	Weaver
Fish	Mitchell, Md.	Whalen
Fisher	Mitchell, N.Y.	Wiggins
Fithian	Moakley	Wilson, Bob
Flood	Morgan	Wilson, Tex.
Florio	Moss	Winn
Flynt	Murphy, Ill.	Wirth
Foley	Murtha	Wolff
Ford, Mich.	Myers, Ind.	Wylder
Ford, Tenn.	Myers, Pa.	Yates
Fraser	Natcher	Yatron
Frenzel	Nedzi	Young, Ga.
Gaydos	Nix	Zablocki
Gialmo	Nowak	Zeferetti

NAYS—153

Abdnor	Bell	Burleson, Tex.
Adams	Bennett	Burison, Mo.
Alexander	Bevill	Byron
Allen	Breaux	Carr
Anderson,	Breckinridge	Carter
Calif.	Brinkley	Chappell
Archer	Brooks	Clancy
Ashbrook	Broomfield	Clawson, Del
Bafalls	Broyhill	Cleveland
Baucus	Buchanan	Collins, Ill.
Bauman	Burke, Calif.	Collins, Tex.
Beard, Tenn.	Burke, Fla.	Corman

Cotter	Jefords	Pepper
Daniel, Dan	Jenrette	Pettis
Daniel, R. W.	Johnson, Colo.	Pickle
Danielson	Jones, N.C.	Pressier
Davis	Jones, Okla.	Prichard
Derrick	Kasten	Quie
Devine	Kelly	Quillen
Dickinson	Ketchum	Randall
Diggs	Keys	Rosenhoover
Downing, Va.	Kindness	Roberts
Duncan, Tenn.	Koch	Robinson
English	Krebs	Rogers
Eshleman	Latta	Roussetot
Evans, Colo.	Levitas	Runnels
Evans, Ind.	Lloyd, Calif.	Ryan
Fascell	Lloyd, Tenn.	Sarasin
Flowers	Lujan	Satterfield
Forsythe	McCormack	Scheuer
Fountain	McDonald	Schroeder
Frey	Mahon	Schulze
Fugua	Mann	Shuster
Gibbons	Mathis	Sikes
Gilman	Melcher	Skabitz
Ginn	Metcalfe	Snyder
Goodling	Miller, Ohio	Spence
Gradison	Mills	Stuckey
Hagedorn	Moffett	Summation
Hall, Tex.	Mollohan	Symms
Hannafor	Montgomery	Thornton
Hansen	Moore	Van Deerlin
Hechler, W. Va.	Moorhead, Pa.	Waggonner
Heckler, Mass.	Moutl	Wampler
Hefner	Murphy, N.Y.	White
Hightower	Neal	Whitthurst
Holland	Nichols	Whitten
Holt	O'Neill	Wilson, C. H.
Hutchinson	Ottinger	Wright
Ichord	Patterson,	Young, Fla.
Jacobs	Calif.	Young, Tex.
Jarman	Paul	

NOT VOTING—44

Abzug	Heinz	Riegler
Badillo	Hinshaw	Rose
Burgener	Howe	Russo
Burton, Phillip	Johnson, Pa.	Sisk
Chisholm	Jones, Tenn.	Smith, Iowa
Clausen	Lehman	Stanton,
Don H.	McCloskey	James V.
Conlan	McKinney	Steelman
de la Garza	Martin	Steiger, Ariz.
Early	Moorhead,	Talcott
Esch	Calif.	Teague
Evins, Tenn.	Mosher	Traxler
Green	Nolan	W. a. man
Hawkins	Peyser	Wylie
Hays, Ohio	Poage	Young, Alaska
Hébert	Railsback	

The Clerk announced the following pairs:

On this vote:

Mr. Badillo for, with Mr. Hébert against.
 Ms. Abzug for, with Mr. Howe against.
 Mrs. Chisholm for, with Mr. Teague against.
 Mr. Lehman for, with Mr. Johnson of Pennsylvania against.
 Mr. Hawkins for, with Mr. Wylie against.
 Mr. Russo for, with Mr. Young of Alaska against.
 Mr. Phillip Burton for, with Mr. Jones of Tennessee against.
 Mr. James V. Stanton for, with Mr. Evins of Tennessee against.

Until further notice:

Mr. Burgener with Mr. Don H. Clausen.
 Mr. Conlan with Mr. de la Garza.
 Mr. Early with Mr. Esch.
 Mr. Green with Mr. Traxler.
 Mr. Heinz with Mr. Martin.
 Mr. McCloskey with Mr. McKinney.
 Mr. Nolan with Mr. Moorhead of California.
 Mr. Peyser with Mr. Mosher.
 Mr. Riegler with Mr. Rose.
 Mr. Steiger of Arizona with Mr. Sisk.
 Mr. Smith of Iowa with Mr. Steelman.
 Mr. Waxman with Mr. Talcott.

Mr. MITCHELL of Maryland and Mr. LAGOMARSINO changed their vote from "nay" to "yea."

Mr. KELLY changed his vote from "yea" to "nay."

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The Chair appoints the following conferees: Messrs. HENDERSON, UDALL, NIX, HANLEY, FORD of Michigan, DERWINSKI, and JOHNSON of Pennsylvania.

POSTAL REORGANIZATION

AUGUST 31, 1976.—Ordered to be printed

Mr. HENDERSON, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 8603]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Postal Reorganization Act Amendments of 1976".

SEC. 2. (a) Section 2401(b) of title 39, United States Code, is amended by striking out paragraph (3).

(b) Section 2401 of title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) (1) There is authorized to be appropriated to the Postal Service for fiscal year 1976 and for the period beginning July 1, 1976, and ending September 30, 1976, the amount of \$500,000,000 to be applied against the accumulated operating indebtedness of the Postal Service as of September 30, 1976.

"(2) There is authorized to be appropriated to the Postal Service for fiscal year 1977 the amount of \$500,000,000 to be applied against the accumulated operating indebtedness of the Postal Service as of September 30, 1977.

"(e) During the period beginning on the date of the appropriation of the funds under subsection (d) (1) and ending on the date on which the Commission on Postal Service is required to transmit the final report required under section 7(f) (1) of the Postal Reorganization Act Amendments of 1976 to the President and each House of Congress, the Postal Service shall not—

"(1) have in effect any permanent or temporary rate of postage or fee for postal services exceeding the rates and fees in effect on the date of enactment of the Postal Reorganization Act Amendments of 1976;

"(2) provide levels and types of postal services which are less than the levels and types of services provided on July 1, 1976;

"(3) close any post office where 35 or more families regularly receive their mail and which was providing service on July 1, 1976; or

"(4) close any post office where fewer than 35 families receive their mail and which was providing service on July 1, 1976, unless the Postal Service receives the written consent of at least 60 percent of the regular patrons of such office who are at least 18 years of age.

"(f) During the period beginning on the date of the appropriation of the funds under subsection (d) (1) and ending on the date on which the Commission on Postal Service is required to transmit the final report required under section 7(f) (1) of the Postal Reorganization Act Amendments of 1976 to the President and each House of Congress, the Postal Service shall provide door delivery or curblin delivery to all permanent residential addresses (other than apartment building addresses) to which service is begun on or after the date of enactment of the Postal Reorganization Act Amendments of 1976.

"(g) The Postal Service shall present to the Committees on Post Office and Civil Service and the Committees on Appropriations of the Senate and the House of Representatives, at the same time it submits its annual budget under section 2009 of this title, sufficient copies of the budget of the Postal Service for the fiscal year for which funds are requested to be appropriated, and a comprehensive statement relating to the following matters:

"(1) the plans, policies, and procedures of the Postal Service designed to comply with all of the provisions of section 101 of this title;

"(2) postal operations generally, including data on the speed and reliability of service provided for the various classes of mail and types of mail service, mail volume, productivity, trends in postal operations, and analyses of the impact of internal and external factors upon the Postal Service;

"(3) a listing of the total expenditures and obligations incurred by the Postal Service for the most recent fiscal year for which information is available, an estimate of the total expenditures and obligations to be incurred by the Postal Service during the fiscal year for which funds are requested to be appropriated, and the means by which these estimated expenses will be financed; and

"(4) such other matters as the committees may determine neces-

sary to ensure that the Congress is fully and currently consulted and informed on postal operations, plans, and policies.

Not later than March 15 of each year, the Postal Service shall appear before the Committees on Post Office and Civil Service of the Senate and the House of Representatives to submit information which any such committee considers necessary to determine the amount of funds to be appropriated for the operation of the Postal Service, and to present testimony and respond to questions with respect to such budget and statement. Each such committee shall take such action as it considers appropriate and shall advise the Postal Service of such action.

“(h) The failure of the President to request the appropriation of any part of the funds authorized by this section may not be deemed a failure of appropriations. The failure of the President to request the appropriation of any part of the funds authorized by this section shall not relieve the Postal Service from the responsibility to comply with the provisions of subsections (e) and (f) of this section.

“(i) The rates established under chapter 36 of this title for zoned parcels formerly entered under former chapter 67 of this title shall not be more than 10 percent less than the rates for such mail would be if the funds authorized under subsections (b) and (d) of this section were not appropriated.”.

(c) Section 2003 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

“(f) Notwithstanding any other provision of this section, any amounts appropriated to the Postal Service under subsection (d) of section 2401 of this title and deposited into the Fund shall be expended by the Postal Service only for the purposes provided in such subsection.”.

SEC. 3. (a) Section 3601 of title 39, United States Code, is amended to read as follows:

“§ 3601. Establishment

“(a) The Postal Rate Commission is an independent establishment of the executive branch of the Government of the United States. The Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen on the basis of their professional qualifications and may be removed by the President only for cause. Not more than 3 of the Commissioners may be adherents of the same political party.

“(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under section 3602 of this title.

“(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.

“(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman.”.

(b) The provisions of section 3601(a) of title 39, United States Code, as amended by subsection (a) of this section, shall not apply with respect to any Commissioner of the Postal Rate Commission

holding office on the date of the enactment of this Act, except that such provisions shall apply to any appointment of such a Commissioner occurring after the date of the enactment of this Act.

SEC. 4. Section 3604 of title 39, United States Code, is amended to read as follows:

“§ 3604. Administration

“(a) The Chairman of the Postal Rate Commission shall be the principal executive officer of the Commission. The Chairman shall exercise or direct the exercise of all the executive and administrative functions of the Commission, including functions of the Commission with respect to (1) the appointment of personnel employed under the Commission, except that the appointment of the heads of major administrative units under the Commission shall require the approval of a majority of the members of the Commission, (2) the supervision of the personnel employed under the Commission and the distribution of business among them and among the Commissioners, and (3) the use and expenditure of funds.

“(b) In carrying out any of his functions under this section, the Chairman shall be governed by the general policies of the Commission.

“(c) The Chairman may obtain such facilities and supplies as may be necessary to permit the Commission to carry out its functions. Any officer or employee appointed under this section shall be paid at rates of compensation and shall be entitled to programs offering employee benefits established under chapter 10 or chapter 12 of this title, as appropriate.

“(d) (1) The Commission shall periodically prepare and submit to the Postal Service a budget of the Commission's expenses, including, but not limited to, expenses for facilities, supplies, compensation, and employee benefits. The budget shall be considered approved—

“(A) as submitted if the Governors fail to act in accordance with subparagraph (B) of this paragraph; or

“(B) as adjusted if the Governors holding office, by unanimous written decision, adjust the total amount of money requested in the budget.

Subparagraph (B) shall not be construed to authorize the Governors to adjust any item included within the budget.

“(2) Expenses incurred under any budget approved under paragraph (1) of this subsection shall be paid out of the Postal Service Fund established under section 2003 of this title.

“(e) The provisions of section 410 and chapter 10 of this title shall apply to the Commission, as appropriate.”.

SEC. 5. (a) Section 3624 of title 39, United States Code, is amended by redesignating subsection (c) as subsection (d) and by inserting immediately after subsection (b) the following new subsection:

“(c) (1) Except as provided by paragraph (2) of this subsection, in any case in which the Postal Service makes a request under section 3622 of this title for a recommended decision by the Commission on changes in a rate or rates of postage or in a fee or fees for postal services the Commission shall transmit its recommended decision to the Governors under subsection (d) of this section no later than 10 months after receiving any such request from the Postal Service.

“(2) In any case in which the Commission determines that the Postal Service has unreasonably delayed consideration of a request

made by the Postal Service under section 3622 by failing to respond within a reasonable time to any lawful order of the Commission, the Commission may extend the 10-month period described in paragraph (1) of this subsection by one day for each day of such delay."

(b) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage, and in fees for postal services, requested on September 18, 1975, by the United States Postal Service in a request which bears, or which at any time has been included under, Postal Rate Commission Docket Number R76-1.

SEC. 6. (a) Section 3641 of title 39, United States Code, is amended to read as follows:

"§ 3641. Temporary changes in rates and classes

"(a) In any case in which the Postal Rate Commission fails to transmit a recommended decision on a change in rates of postage or in fees for postal services to the Governors in accordance with section 3624(c) of this title, the Postal Service may establish temporary changes in rates of postage and in fees for postal services in accordance with the proposed changes under consideration by the Commission. Such temporary changes may take effect upon such date as the Postal Service may determine, except that such temporary changes may take effect only after 10 days' notice in the Federal Register.

"(b) Any temporary rate or fee established by the Postal Service under subsection (a) of this section shall be in accordance with the policies of this title and shall not exceed such amount as may be necessary for sufficient revenues to assure that the total estimated income, including appropriations, of the Postal Service shall, to the extent practicable, be equal to the total estimated costs of the Postal Service.

"(c) Notwithstanding the provisions of subsection (b) of this section, the Postal Service may not establish any temporary rate for a class of mail or any temporary fee for a postal service which is more than the permanent rate or fee requested for such class or postal service by the Postal Service under section 3622 of this title.

"(d) Any temporary change in rates of postage or in fees for postal services made by the Postal Service under this section shall remain in effect no longer than 150 days after the date on which the Commission transmits its recommended decision to the Governors under section 3624(d) of this title, unless such temporary change is terminated by the Governors before the expiration of such period.

"(e) If the Postal Rate Commission does not transmit to the Governors within 90 days after the Postal Service has submitted, or within 30 days after the Postal Service has resubmitted, to the Commission a request for a recommended decision on a change in the mail classification schedule (after such schedule is established under section 3623 of this title), the Postal Service, upon 10 days' notice in the Federal Register, may place into effect temporary changes in the mail classification schedule in accordance with proposed changes under consideration by the Commission. Any temporary change shall be effective for a period ending not later than 30 days after the Commission has transmitted its recommended decision to the Governors.

“(f) If, under section 3628 of this title, a court orders a matter returned to the Commission for further consideration, the Postal Service, with the consent of the Commission, may place into effect temporary changes in rates of postage, and fees for postal services, or in the mail classification schedule.”

(b)(1) The amendment made by subsection (a) of this section shall not apply to any action or proceeding with respect to the recommended decision of the Postal Rate Commission relating to proposed changes in rates of postage and in fees for postal services requested on September 18, 1975, by the United States Postal Service in a request which bears, or which at any time has been included under, Postal Rate Commission Docket Number R76-1.

(2) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of the enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a recommended decision, bearing Docket Number R76-1.

SEC. 7. (a) (1) There is hereby established the Commission on Postal Service (hereinafter in this section referred to as the “Commission”). The Commission shall be composed of 7 members, to be selected as follows:

(A) 3 appointed by the President of the United States, of whom one shall be appointed as chairman;

(B) 2 appointed by the president pro tempore of the Senate, of whom one shall be an individual who is a member of the work force of the United States Postal Service; and

(C) 2 appointed by the Speaker of the House of Representatives, of whom one shall be an individual who is a member of the work force of the United States Postal Service.

The Postmaster General of the United States and the Chairman of the Postal Rate Commission shall serve as *ex officio* members of the Commission, without the right to vote.

(2) The members of the Commission shall be appointed within 15 days following the date of the enactment of this Act. In the event that all of the members of the Commission have not been appointed at the close of such 15-day period, a majority of the members appointed to the Commission shall constitute a quorum for the conduct of business by the Commission.

(3) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(b) The Commission shall identify and study the problems facing the United States Postal Service and recommend actions to be taken to resolve those problems. The Commission shall not be limited to any particular subject areas for consideration but the Commission—

(1) shall identify and study the public service aspects of the United States Postal Service, shall recommend to what extent and by what means such aspects may be defined and costs thereof reasonably estimated, and shall, insofar as practicable, identify any difference between—

(A) the costs that the Postal Service should reasonably be expected to incur in providing postal services in accordance with the policies of title 39, United States Code, and

(B) *the revenues that the Postal Service may reasonably be expected to receive from rates and fees for postal services, with due consideration to the fact that demands for postal services may be reflected by changes in the levels of such rates and fees;*

(2) *shall determine the extent to which the public service aspects of the Postal Service shall be supported by appropriations and shall recommend a plan for such appropriations with due consideration being given to—*

(A) *the economic and social benefits of the postal system to the user and recipient of the mail,*

(B) *the relative economic ability of the users of various classes of mail to absorb the costs of the postal system,*

(C) *the extent to which the costs of maintaining a system which would provide a reasonable degree of regular postal services to the entire public without regard to individual usage, and the degree to which such costs should be borne by the public generally rather than by mail users in particular,*

(D) *the relative economic and social benefits of other uses of private and public funds, and*

(E) *the need of the Postal Service for adequate and dependable funding and for systematic planning and rate-making to provide efficient and economical postal services in accordance with the policies of title 39, United States Code;*

(3) *shall study the desirability and feasibility of—*

(A) *the ratemaking procedures established under title 39, United States Code, particularly the functions and responsibilities of the Postal Rate Commission, and shall develop recommendations for more expeditious and economical procedures that are responsive to the needs of the Postal Service and the public, including, if the Commission recommends the abolition of the Postal Rate Commission, a method of assuring that changes in postal rates shall be reviewed independently outside the Postal Service,*

(B) *a system in which changes in postal rates shall not exceed changes in consumer prices unless greater changes in such rates are approved by a body independent of the Postal Service,*

(C) *the rate making criteria established by section 3622(b) of title 39, United States Code, and*

(D) *a statutory requirement for cost attributions to particular classes of mail or types of mail service;*

(4) *shall review the appropriateness of current and future service levels and the extent to which, if any, such levels should be supported by appropriations; and*

(5) *shall review the long range impact of new electronic fund transfers and communication techniques, the effect of such transfers and techniques on mail volumes and revenues of the Postal Service, and the feasibility of the Postal Service operating such systems.*

(c) (1) *For purposes of carrying out its functions under this section, the Commission may sit and act at such times and places and receive such evidence and testimony as it considers advisable.*

(2) *The Commission may secure directly from any department or agency of the United States information and assistance necessary to carry out its duties under this section. Each department or agency is authorized and directed, to the extent permitted by law and within the limits of available funds, to furnish information and assistance to the Commission.*

(3) *When so authorized by the Commission, any member or agent of the Commission may take any action which the Commission is authorized to take by this section.*

(4) *All meetings, hearings, conferences, or other proceedings of the Commission shall be open to the chairmen of the appropriate committees of the Congress or their designees and reasonable notice of such meetings or hearings shall be given to such chairmen or their designees.*

(d) (1) *Except as provided in paragraph (2), members of the Commission each shall receive as compensation the daily equivalent of the annual rate of basic pay in effect for Grade GS-18 for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Commission.*

(2) *Members of the Commission who are full-time officers or employees of the United States shall receive no additional pay on account of their service on the Commission.*

(3) *While away from their homes or regular places of business in the performance of service for the Commission, members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5, United States Code.*

(e) *The Commission may appoint and fix the compensation of such personnel as it considers advisable without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and such personnel may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but at a rate not to exceed the maximum rate authorized by the General Schedule. The Commission may procure the services of experts and consultants in accordance with section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the annual rate of basic pay in effect for the maximum rate authorized by the General Schedule.*

(f) (1) *The Commission shall transmit to the President and to each House of the Congress a final report containing a detailed statement of its findings and recommendations, together with any individual views, on or before March 15, 1977.*

(2) *The Commission shall not be required to obtain the clearance of any Federal agency before the transmittal of its report.*

(g) *The Commission shall cease to exist 60 days after the transmission of its final report under subsection (f) of this section and all offices and employment under it shall then expire.*

(h) There are authorized to be appropriated to the Postal Service Fund established under section 2003 of title 39, United States Code, without fiscal year limitation, such sums as may be necessary to carry out the provisions of this section. Expenses incurred by the Commission shall be paid out of the Postal Service Fund.

SEC. 8. Section 3623(b) of title 39, United States Code, is amended by striking out "Postal Service" the second place it appears therein and inserting in lieu thereof "Governors".

SEC. 9. (a) Section 404 of title 39, United States Code, is amended by inserting "(a)" immediately before "Without" and by adding at the end thereof the following new subsection:

"(b) (1) The Postal Service, prior to making a determination under subsection (a) (3) of this section as to the necessity for the closing or consolidation of any post office, shall provide adequate notice of its intention to close or consolidate such post office at least 60 days prior to the proposed date of such closing or consolidation to persons served by such post office to ensure that such persons will have an opportunity to present their views.

"(2) The Postal Service, in making a determination whether or not to close or consolidate a post office, shall consider—

"(A) the effect of such closing or consolidation on the community served by such post office;

"(B) the effect of such closing or consolidation on employees of the Postal Service employed at such office;

"(C) whether such closing or consolidation is consistent with the policy of the Government, as stated in section 101(b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

"(D) the economic savings to the Postal Service resulting from such closing or consolidation; and

"(E) such other factors as the Postal Service determines are necessary.

"(3) Any determination of the Postal Service to close or consolidate a post office shall be in writing and shall include the findings of the Postal Service with respect to the considerations required to be made under paragraph (2) of this subsection. Such determination and finding shall be made available to persons served by such post office.

"(4) The Postal Service shall take no action to close or consolidate a post office until 60 days after its written determination is made available to persons served by such post office.

"(5) A determination of the Postal Service to close or consolidate any post office may be appealed by any person served by such office to the Postal Rate Commission within 30 days after such determination is made available to such person under paragraph (3). The Commission shall review such determination on the basis of the record before the Postal Service in the making of such determination. The Commission shall make a determination based upon such review no later than 120 days after receiving any appeal under this paragraph. The Commission shall set aside any determination, findings, and conclusions found to be—

"(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law;

- “(B) without observance of procedure required by law; or
 “(C) unsupported by substantial evidence on the record.

The Commission may affirm the determination of the Postal Service or order that the entire matter be returned for further consideration, but the Commission may not modify the determination of the Postal Service. The Commission may suspend the effectiveness of the determination of the Postal Service until the final disposition of the appeal. The provisions of section 556, section 557, and chapter 7 of title 5 shall not apply to any review carried out by the Commission under this paragraph.”.

(b) The amendments made by subsection (a) of this section shall take effect on the day after the date on which the Commission on Postal Service transmits its final report under section 7(f) (1) of this Act.

SEC. 10. Section 3622(b) of title 39, United States Code, is amended by striking out “and” at the end of paragraph (7), by redesignating paragraph (8) as paragraph (9), and by inserting immediately after paragraph (7) the following new paragraph:

“(8) the educational, cultural, scientific, and informational value to the recipient of mail matter; and”.

SEC. 11. Section 3626 of title 39, United States Code, is amended by inserting “(a)” immediately before “If the rates” and by adding at the end thereof the following new subsections:

“(b) (1) For the purposes of this title, the term ‘periodical publications’, as used in former section 4351 of this title, includes (A) any catalog or other course listing, including mail announcements of legal texts which are part of post-bar admission education issued by any institution of higher education or by a nonprofit organization engaged in continuing legal education; and (B) any looseleaf page or report (including any index, instruction for filing, table, or sectional identifier which is an integral part of such report) which is designed as part of a looseleaf reporting service concerning developments in the law or public policy.

“(2) Any material described in paragraph (1) of this subsection shall qualify to be entered and mailed as second class mail in accordance with the applicable provisions of former section 4352 through former section 4357 of this title.

“(3) For purposes of this subsection, the term ‘institution of higher education’ has the meaning given it by section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

“(c) In the administration of this section, one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State shall be considered a publication of a qualified nonprofit organization which qualifies for rates of postage under former section 4358(d) of this title.

“(d) (1) For purposes of this title, the term ‘agricultural’, as used in former sections 4358(j) (2), 4452(d), and 4554(b) (1) (B) of this title, includes the art or science of cultivating land, harvesting crops or marine resources, or raising of livestock.

“(2) In the administration of this section, and for purposes of former sections 4358(j) (2), 4452(d), and 4554(b) (1) (B) of this title, agricultural organizations or associations shall include any organiza-

tion or association which collects and disseminates information or materials relating to agricultural pursuits.”.

SEC. 12. Section 3683 of title 39, United States Code, is amended by inserting “(a)” immediately before “Notwithstanding any other provision” and by adding at the end thereof the following new subsection:

“(b) The rates for mail matter specified in former section 4554(a)(1) or 4554(b)(2)(A) of this title, when mailed from a publisher or a distributor to a school, college, university, or library, shall be the rate currently in effect for such mail matter under the provisions of former section 4554(b)(1) of this title.”.

And the Senate agree to the same.

DAVID N. HENDERSON,
MORRIS K. UDALL,
ROBERT N. C. NIX,
JIM HANLEY,
WILLIAM D. FORD,
EDWARD DERWINSKI,
ALBERT W. JOHNSON,

Managers on the Part of the House.

GALE W. MCGEE,
JENNINGS RANDOLPH,
Q. BURDICK,
TED STEVENS,
HENRY BELLMON,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

POSTAL REVENUES, APPROPRIATIONS, AND REPORTS TO CONGRESS

Section 2 of the House bill revised the method of financing postal operations. Under current law, enacted in the Postal Reorganization Act in 1970, all revenues of the Postal Service are permanently appropriated to the Postal Service Fund, and Congress annually appropriates only the amounts due for public services (\$920 million through fiscal year 1979), revenue foregone, and incidental expenses. The House bill established the method of postal finances which existed prior to 1970, which required that all postal revenues be deposited in the general fund of the Treasury and that Congress annually appropriate all of the Postal Service's funds. The House bill also revised the authorization for public service appropriations, which under current law are related to 10 percent of fiscal year 1971 appropriations for a definite period of time, by repealing existing law and substituting a general authorization for public service appropriations without specific financial or time limitations.

Section 2 of the Senate bill did not change the present authority of Postal Service finances, but added a new authorization for \$500 million for each of the periods ending September 30, 1976, and September 30, 1977.

The conference substitute retains existing law relating to the permanent appropriation of postal revenues to the postal service and the existing law on authorizations for public service appropriations, revenue foregone, and certain incidental expenses. The conference substitute also includes an authorization for two appropriations of \$500,000,000 each. It is the understanding of the managers that the Office of Management and Budget will transmit to the Congress a request for both appropriations immediately following the enactment of this legislation. The authorization under the new section 2401(d)(1) for \$500,000,000 shall be made for the purpose of retiring the accumulated operating deficit incurred by the Postal Service as of September 30, 1976. The new section 2401(d)(2) authorizes an appropriation of \$500,000,000 to be used to retire the accumulated operating indebtedness for the fiscal year 1977.

It is the intent of the managers that the \$1 billion authorized to be appropriated under the conference agreement is to be applied toward the outstanding indebtedness incurred by the Postal Service during the respective periods.

The managers have concluded that application of the \$1 billion in this manner will have the same effect as allowing the Postal Service to use these funds to pay current operating expenses, since under either application the total outstanding indebtedness will undoubtedly remain the same and further, the Postal Service will have available to it the same amount of funds needed for its operations.

The conference substitute also establishes new reporting requirements on the Postal Service. Under existing law, the Postal Service is required to submit a statement each year in compliance with the postal policy of section 101 of title 39, United States Code.

Both House bill and the Senate bill expanded substantially upon the present reporting requirements. The conference substitute adopts the principle expressed in the Senate bill and also requires that the Postal Service appear before the Committees on Post Office and Civil Service of the House and the Senate before March 15 of each year to testify and respond to questions relating to the Postal Service.

The managers are particularly mindful of the need for effective oversight of postal operations to insure that the postal services provided the public shall continue at an effective level and at reasonable rates. The failure of the Postal Service to provide the kind of extensive information which can sustain legislative and public confidence in the Postal Service, whether international or the result of oversight, must not continue. The provisions of section 2401 of title 39, requiring an annual report concerning the Postal Service's compliance with the public service policy of section 101 of title 39 has never been more than a simple recitation of the number of post offices in rural areas which have been opened, closed, or changed in status since the last report. The new reporting requirements go far beyond that kind of enumeration and, coupled with the requirement for appearances by officials of the Postal Service before the legislative committees responsible for oversight of postal affairs, will promote better administration of congressional policy, and better relations between the Executive and Legislative branches.

DOOR AND CURBLINE DELIVERY STANDARDS

Section 2 of the House bill required the Postal Service to provide door or curblin delivery to residential addresses under conditions determined by local government authorities. Where permitted by local authority, the Postal Service could provide "clusterbox" delivery to residences. The imposition of these delivery requirements was conditional upon public service appropriations.

Section 2 of the Senate bill required the Postal Service, during the period beginning on the date of enactment of the new public service appropriation and ending on the date the report of the Commission on Postal Service is filed, to provide door or curblin delivery to all new residential addresses. No clusterbox delivery was authorized and local governmental authority was not involved.

The conferees are mindful of the problems that now exist in connection with the establishment of new delivery routes. However, it is also recognized that this matter is one proper for consideration by the Commission on Postal Service established by section 7 of the Conference Agreement. It is the intent of the conferees that the Commission include this matter in its studies and report.

The conference substitute adopts the Senate language.

MORATORIUM ON RATE INCREASES, SERVICE CHANGES, AND POST OFFICE CLOSINGS

The House bill did not include language regarding a moratorium on rate increases or service changes.

The Senate bill provided that during the period beginning on the date of enactment of the new appropriation and ending on the date the report of the Commission on Postal Service is filed, the Postal Service shall not increase any rate of postage or any fee for any postal service, shall provide services to all patrons in all areas at the same level, and of the same type, as were being provided on July 1, 1976, and shall not close any post office except in the case of very small communities where patrons of the office give their consent to the closing.

The conference provision adopts the Senate language.

PARCEL POSTAL RATES

Section 2 of the House bill provided that the public service appropriations to the Postal Service could not be utilized or expended in such a manner as would effect a reduction of more than 10 percent in the rates established under chapter 36 of title 39 for parcel post.

Section 2 of the Senate bill provided that rates for parcel post established under chapter 36 of title 39 could not be more than 10 percent less than they would be if the new appropriation were not enacted.

The conference substitute contains new language which adopts the principle of the House bill—that parcel post rates shall not benefit from the appropriation of funds to the Postal Service to an extent which would result in the establishment of parcel post rates at levels more than 10 percent below the levels which would be established if no appropriations for public services and for the purposes described in the new section 2401(d) were made.

FAILURES OF APPROPRIATIONS

The Senate bill contained language clarifying when there may occur a failure of appropriations within the meaning of section 3627 of title 39. Existing law authorizes the Postal Service to initiate proceedings under subchapter II of chapter 36 of title 39 if Congress fails to appropriate funds pursuant to section 2401(c). Beginning in fiscal year 1972, the President has refused to request some of the funds authorized to be appropriated, including the funds for extended phasing authorized under Public Law 93-328.

The Senate bill provided that the failure of the President to request the appropriation of any part of the funds authorized to be appro-

priated under section 2401 of title 39 may not be deemed a failure of appropriations, and also provided that the failure of the President to request the appropriations of such funds would not relieve the Postal Service from the responsibility to comply with the provisions of this legislation relating to the moratorium on rate increases and service changes, the requirement for door or curbside delivery, and the new reporting requirements to the Congress.

The House bill contained no provision.

The conference substitute adopts the Senate language except that the language is modified to eliminate the possibility of interpreting the language to establish a relationship between the appropriation of funds to the Postal Service and the reporting requirements imposed upon the Postal Service under this legislation. These provisions are entirely separate. In addition, it should be understood that a failure of appropriations occurs only when Congress enacts legislation appropriating funds to the Postal Service pursuant to section 2401 of title 39 and that legislation does not include an amount estimated to be necessary to pay the difference between reduced rates and full rates. In that case, a proceeding under section 3627 permitting rate adjustments in accordance with subchapter II of chapter 36 could be undertaken.

POSTAL RATE COMMISSION PROVISIONS

Both the House bill and the Senate bill included substantially similar language making changes in the organizational structure of the Postal Rate Commission.

The appointment of the Commission was changed from direct Presidential appointment to nomination by the President and Senate confirmation. Commissioners are allowed to continue in office until a successor has qualified, and the power of the chairman to exercise the executive authority for the agency has been clarified.

In the consideration of rate and classification cases, the House bill provided that both types of cases would be subject to a 10-month period for hearing and decision. The Senate bill adopted the 10-month provision for postal rates cases, but retained existing law, which imposes no limits, for mail classification cases. The conference substitute adopts the Senate provision.

In setting temporary rates and making temporary changes in mail classifications, the House bill applied a 10-month waiting period in both instances, while the Senate bill applied the 10-month period to rate increases, but retained the 90-day waiting period for classification changes. The conference substitute adopts the Senate language.

The House bill removed the proceedings of the Postal Rate Commission from the provisions of the Administrative Procedure Act (5 U.S.C. 556-557) and provided instead that the Commission would be authorized to hold hearings under less rigorous standards than those now required for its proceedings.

The Senate bill made no change in existing law.

The conference substitute adopts the Senate position.

The House bill required that Commissioners of the Postal Rate Commission appointed after the date of enactment of this legislation would be subject to Senate confirmation, but that the new require-

ment would not be applicable to an incumbent unless he were reappointed.

The Senate bill was similar to the House bill except that in the provision relating to incumbent commissioners, the requirement for Senate confirmation did not apply if the commissioner has served fewer than two years.

The conference substitute adopts the House provision.

The House bill contained 2 sections vesting authority in the Postal Rate Commission to review the activities of the Postal Service, to secure data from the Postal Service, to conduct hearings relating to the activities of the Board of Governors of the Postal Service and to issue subpoenas to compel the production of evidence and the testimony of witnesses.

The Senate bill contained no similar provision.

The conference substitute contains no provision.

The managers wish to emphasize that, under existing law, the Postal Service must provide the Commission with prompt and reliable data in order for the Commission to carry out its responsibilities under the law. Under this legislation the Commission has been granted the additional authority to suspend implementation of proposed temporary rates on a day for day basis when it determines that the Postal Service has engaged in undue delays during consideration of rate cases. This authority should be sufficient to insure postal service cooperation. If it is not, further consideration should be given this matter by the appropriate committees of the Congress.

CHANGES IN THE NATURE OF POSTAL SERVICES

The House bill provided a definition for the purpose of determining when the Postal Service must submit a request for an advisory opinion by the Postal Rate Commission under section 3661 of title 39. Under existing law, a change in the nature of postal services which has a nationwide or substantially nationwide impact must be reviewed by the Commission, but the words "change in the nature of postal service" are not defined. Section 6(d) of the House bill defined the term to mean "any change or alteration in the type, quality, terms, or conditions of providing for the receipt, transmission, or delivery of mail matter of any type."

The Senate bill contained no provision.

The conference substitute adopts the Senate provision.

CRITERIA FOR FIXING POSTAL RATES

The House bill included a provision adding a new factor to be taken into account by the Postal Rate Commission in recommending postal rates. This new criterion is "the educational, cultural, scientific, and informational value to the recipient of mail matter."

The Senate bill did not contain any provision on this issue.

The conference substitute adopts the House provision.

MAILING PERMITS

The House bill provided that certain publications would be entitled to mail at second-class rates notwithstanding recent administra-

tive efforts by the Postal Service to withdraw such mailing permits from these publications. Included in the provision were college and university course catalogs, periodicals relating to continuing legal education published by an educational institution or a nonprofit organization, and looseleaf publications relating to law and public policy.

The Senate bill contained no provision.

The conference substitute adopts the House provision.

The House bill also extended nonprofit mailing status to political committees qualified for tax credit contributions under the Internal Revenue Code, to one publication published by a state fish or wildlife agency, and broadened the definition of an agricultural nonprofit association or organization to include such associations engaged in the harvesting of marine life.

The Senate bill contained no provisions.

The conference substitute adopts the House provisions relating to publications of a State fish or wildlife agency and relating to the definition of an agricultural nonprofit association or organization. The conference substitute does not include the provision extending nonprofit mailing status to political committees qualified for tax credit contributions under the Internal Revenue Code.

BOOK RATES

The House bill contained a provision making the rates applicable for books mailed between schools and libraries applicable to the rates for books when mailed by a publisher or distributor to a school or library.

The Senate bill contained no provision.

The conference substitute adopts the House language.

PROCEDURES FOR CLOSING OR CONSOLIDATING POST OFFICES

The Senate bill included a provision requiring the Postal Service to give public notice of its intent to close or consolidate a post office 60 days in advance; to give the public an opportunity to express its views on the plan; to comply with specific criteria in making such determinations, and to issue a final decision 60 days before an office could be closed or consolidated. A postal patron of such a post office would be entitled to appeal the decision to a United States Court of Appeals for a judicial determination.

The House bill contained no provision on this issue.

The conference substitute adopts the Senate provision except that the right of appeal to a United States court of appeals is deleted and instead there shall be a right of appeal to the Postal Rate Commission. The managers intended that an appeal to the Commission under this new provision may be made only by a regular patron of a post office which has been ordered to be closed or consolidated. Also, the managers intend that this provision apply to post offices only and not to other postal facilities.

TEMPORARY POSTAL RATE INCREASES

The House bill provided a limitation on the amount of increase which could be made by the Postal Service in establishing temporary

rates. This provision was adopted when the bill was reported by the House last year. Since that time, temporary rates have already been established and have subsequently been replaced by permanent rates. There is, therefore, no need for this provision.

The Senate bill contained no provision.

The conference substitute contained no provision.

USE OF LETTERBOXES BY NONPROFIT ORGANIZATIONS

The House bill contained a provision which authorized certain non-profit organizations to use volunteers to deposit mail matter relating to the activities of the associations in postal patrons letter boxes without payment of postage.

The Senate bill contained no provision.

The conference substitute contains no provision.

APPOINTMENT OF THE POSTMASTER GENERAL AND DEPUTY POSTMASTER GENERAL

The House bill contained a provision which required that the Postmaster General and the Deputy Postmaster General be appointed by the President of the United States with the advice and consent of the Senate.

The Senate bill contained no provision.

The conference substitute contains no provision.

The conferees have taken note that a majority of the House of Representatives is of the opinion that the current method of appointment of the Postmaster General and Deputy Postmaster General should be revised. The conferees, therefore, expect the Commission or Postal Service to study and issue recommendations on the feasibility and desirability of alternative methods of appointment. In particular, the Commission should give attention to the length of terms of office, if any, and the alternative of appointment by the President with the advice and consent of the Senate.

COMMISSION ON POSTAL SERVICE

The House bill established the Commission on Postal Service consisting of five members appointed as follows: two, (including the chairman) by the President, and one each by the President pro tempore of the Senate, the Speaker of the House, and the Postmaster General. The Commission was to study specific areas—particularly the public service aspects of the Postal Service, and the method of establishing postal rates. In the House version, the Commission would report to the President and Congress within two years.

The Senate bill established the Commission on Postal Service consisting of ten members: four (including the chairman) appointed by the President, and three each appointed by the President pro tempore of the Senate and the Speaker of the House. One appointee of each House was to be a member of the Postal Service work force. The Postmaster General and the Chairman of the Postal Rate Commission were to be ex officio members without a vote.

The Commission in the Senate bill was required simply to study problems facing the Postal Service and issue recommendations to the President and the Congress by February 5, 1977. The only specific charge was that the Commission report on the feasibility and desirability of relaxing the Private Express Statutes.

The conferees concluded that a smaller commission would be more efficient. Therefore, they adopted language establishing a seven member Commission: three appointed by the President and two each by the President pro tempore of the Senate and the Speaker of the House. The language requiring that one appointee of each House be a member of the Postal Service work force was retained. The Postmaster General and the Chairman of the Postal Rate Commission were retained as ex officio members without a vote.

The general responsibility of the Commission to study postal problems was retained. However, the Commission was also required to study and issue recommendations on several specific areas of interest, including public service aspects of the Postal Service.

The conferees agreed that the Commission should not study areas relating to matters covered under chapter 12 of title 39, United States Code.

The conferees also adopted language requiring the Commission to report to the President and Congress by March 15, 1977. The conferees accepted Senate language requiring appointment of the members of the Commission within fifteen days after date of enactment. Thereafter, a quorum of those appointed can conduct business.

SIZE AND WEIGHT LIMITS

The Senate bill contained a provision expanding the size and weight limits for surface-air mail parcels (SAM) addressed to military installations of the Armed Forces outside the 48 contiguous States. Under existing law, the maximum weight is 15 pounds and the maximum size is 60 inches in length and girth combined. The Senate bill would have increased these dimensions to 70 pounds and 100 inches (the limits which presently apply to incoming SAM mail).

The House bill contained no provision.

The conference substitute contains no provision.

DAVID N. HENDERSON,
MORRIS K. UDALL,
ROBERT N. C. NIX,
JIM HANLEY,
WILLIAM D. FORD,
EDWARD DERWINSKI,
ALBERT W. JOHNSON,

Managers on the Part of the House.

GALE W. MCGEE,
JENNINGS RANDOLPH,
Q. BURDICK,
TED STEVENS,
HENRY BELLMON.

Managers on the Part of the Senate.

POSTAL ORGANIZATION ACT AMENDMENTS OF 1976—CONFERENCE REPORT

Mr. McGEE. Mr. President, I submit a report of the committee of conference on H.R. 8603 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated by title.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the United States Postal Service and the Postal Rate Commission, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of today's RECORD.)

Mr. McGEE. Mr. President, the bill as it was approved by the conference committee retains the salient features of the Senate version of H.R. 8603. It authorizes two appropriations of \$500 million each before the end of September, 1977, and places a moratorium on rate increases and service cutbacks while a Commission on Postal Service studies postal operations.

The moratorium and study period were extended 1 month by the conferees until March 15, 1977. The size of the Commission was reduced from 10 to 7 members, with the Postmaster General and Chairman of the Postal Rate Commission serving as additional nonvoting members.

Conferees on the bill also approved a provision to insure annual oversight of the Postal Service by Congress. Also agreed to was a Senate amendment providing permanent procedures to be followed in cases where the Postal Service proposes to close or consolidate a post office and providing affected patrons the right to appeal to the Postal Rate Commission. Rate commissioners also would become subject to Senate confirmation in the future.

Mr. ALLEN. Mr. President, I object to its consideration at this time.

The PRESIDING OFFICER. Objection is heard.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that those 2 minutes not be charged to anyone.

The PRESIDING OFFICER. The Chair indicates it does not take unanimous consent to consider a conference report. A conference report is privileged business.

Mr. ABOUREZK. Then the time is not charged to my side of the debate; is that right?

The PRESIDING OFFICER. No. The objection of the Senator from Alabama is not in order. That was the point of the Chair.

Mr. RANDOLPH. Mr. President, I support the conference committee report on H.R. 8603, the Postal Reorganization Act Amendments of 1976, which has been presented by the able chairman of our Committee on Post Office and Civil Service, Senator McGEE. The Senate-House conference committee members worked diligently through Monday to develop this compromise bill.

It is gratifying that the conferees approved with a modification my proposal to stop the indiscriminate closing and consolidation of post offices throughout the Nation. Under this amendment, the Postal Service must consider citizen comments on a local basis. Rural areas and small towns in West Virginia and throughout the country will have the assurance of a fair and thorough review prior to the closure or consolidation of any postal facility.

The Senate last week passed this proposal by a vote of 60 to 13. It would require the Postal Service to notify the patrons of a post office at least 60 days in advance of the intention to close or consolidate such office. The public would have an opportunity to present its views.

Further, the Postal Service must consider the impact on the public, postal employees, postal policy, and costs in reaching the decision to close or consolidate.

On any determination to close or consolidate an office, the Postal Service must issue its findings and decision in writing and must make them available to affected persons. The Postal Service cannot complete action until 60 days after the decision is made available to the public.

In the Senate-passed bill, a patron of the office could appeal the decision to any U.S. court of appeals within 30 days. The court could affirm or reverse

the decision or return it to the Postal Service for further consideration. It was in this provision that a modification was made by the conference. The appeal was changed from the court of appeals to an administrative appeal to the Postal Rate Commission. The Commission would be required to adhere to the same standards and have the same authorities as contained in the original Senate appeals provision.

The effective date of closing and consolidation proposal is February 16, 1977.

Mr. President, this provision on the closings and consolidations of post offices, together with the moratorium included in the Senate bill and agreed on by the conferees, provides a mechanism to prevent the indiscriminate closing and con-

solidation of smaller post offices. The moratorium, inserted in the Senate bill as a result of our earlier legislation and at my urging, terminates on February 15, 1977. At that time the procedures that I have outlined on closings and consolidations will become effective.

As Senators know, under the moratorium the Postal Service shall not close any post office serving 35 or more families which was operating on July 1, 1976. Smaller post offices operating on that date could not be closed unless 60 percent of the adult patrons give written consent.

Mr. President, the action by the conferees is indicative of the concern of Members of the Congress that a maximum degree of effective and regular postal service must be provided in rural areas and smaller towns. I ask unanimous consent that the provision on closings and consolidations be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEC. 9 (a) Section 404 of title 39, United States Code, is amended by inserting "(a)" immediately before "Without" and by adding at the end thereof the following new subsection:

"(b) (1) The Postal Service, prior to making a determination under subsection (a) (3) as to the necessity for the closing or consolidation of any post office, shall provide adequate notice of its intention to close or consolidate such post office at least 60 days prior to the proposed date of such closing or consolidation to persons served by such post office to insure that such persons will have an opportunity to present their views.

"(2) The Postal Service, in making a determination whether or not to close or consolidate a post office, shall consider—

"(A) the effect of such closing or consolidation on the community served by such post office;

"(B) the effect of such closing or consolidation on employees of the Postal Service employed at such office;

"(C) whether such closing or consolidation is consistent with the policy of the Government as stated in section 101(b) of this title, that the Postal Service shall provide a maximum degree of effective and regular postal services to rural areas, communities, and small towns where post offices are not self-sustaining;

"(D) the economic savings to the Postal Service resulting from such closing or consolidation; and

"(E) such other factors as the Postal Service determines are necessary.

"(3) Any determination of the Postal Service to close or consolidate a post office shall be in writing and shall include the findings of the Postal Service with respect to the considerations required to be made under paragraph (2). Such determination and finding shall be made available to persons served by such post office.

"(4) The Postal Service shall take no action to close or consolidate a post office until 60 days after its written determination is made available to persons served by such post office.

"(5) A determination of the Postal Service to close or consolidate any post office may be appealed by a person served by such office to the Postal Rate Commission within 30 days after such determination is made available to persons served by such post office under paragraph (3). The Commission shall review such determination on the basis of the record before the Postal Service in the making of such determination. The Commission shall make a determination based upon such review no later than 120 days after receiving any appeal under this paragraph. The Commission shall set aside any determination, findings, and conclusions found to be—

"(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law;

"(B) without observance of procedure required by law; or

"(C) unsupported by substantial evidence on the record.

The Commission may affirm the determination of the Postal Service or order that the entire matter be returned for further consideration, but the Commission may not modify the determination of the Postal Service. The Commission may suspend the effectiveness of the determination of the Postal Service until final disposition of the appeal. The provisions of section 556, section 557, and chapter 7 of title 5 shall not apply to any review carried out by the Commission under this paragraph."

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 10 minutes.

CONFERENCE REPORT ON H.R. 8603, POSTAL REORGANIZATION

Mr. HENDERSON. Mr. Speaker, I call up the conference report on the bill (H.R. 8603) to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 31, 1976.)

Mr. HENDERSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER. The gentleman from North Carolina is recognized for 30 minutes.

Mr. HENDERSON. Mr. Speaker, I yield myself such time as I may consume.

(Mr. HENDERSON asked and was

given permission to revise and extend his remarks.)

Mr. HENDERSON. Mr. Speaker, this conference report was agreed to unanimously by all of the House and Senate conferees who participated. Senator FONG was absent from the meeting and was not able to participate in the agreement.

The report has two particularly important aspects which I will discuss and I will call on the gentleman from New York (Mr. HANLEY), chairman of our Subcommittee on Postal Service to explain the details of the agreement.

First, what does the conference report do with the Alexander amendment?

Second, what impact will the authorization for additional funds have on the second concurrent budget resolution?

The House conferees began preliminary discussions on the differences at 9:30 a.m. on Monday, August 26, and then met with the Senate conferees from 11 a.m. until after 5 p.m. before the last difference had been resolved.

We first passed over the Alexander amendment until the other major differences in the conference were resolved in order to afford a comprehensive discussion of the role that should be played by the Congress in overseeing and reviewing the operations of the Postal Service.

As you know, the Alexander amendment is not a part of the conference

agreement, but I am confident that the conference agreement provides more meaningful legislative controls than would have been provided by the Alexander amendment.

The Alexander amendment would have required the Appropriations Committee to appropriate the postal budget each year, and would have required the entire budget of the Postal Service, more than \$14 billion for the current fiscal year, to have been included in the budget.

One of the lessons we learned under the old system of annually appropriating money to the Post Office Department was that there never was very much room for adjustment in the postal budget. Fixed costs were almost never subject to reasonable manipulation. Payroll, transportation costs, facility expenses, and materials accounted for nearly all the postal budget. They still do. The only room for "fattening up" or "whittling down" the postal budget was to postpone projects for new buildings or to cut back upon the merger funds used for research and development. That kind of fiscal management bears a large measure of the responsibility for the accumulated problems of the postal system which lead to the demand for changes in 1969 and 1970.

The managers on the part of the House as well as the Senate remember those problems and the origin of those problems. All of the managers for the House have served on the committee for at least 12 years, and have experienced the problems of the Postal Service. It was our judgment, based on that experience over the years, that putting the Postal Service back under the annual appropriation process would not have been an effective way to try to solve the problems which so many of our colleagues have brought

to our attention during the past year or two.

The frustrations which have, time and time again, been expressed to us about the Postal Service, closing of post offices, consolidating post offices, failing to provide the kind of service with the speed and reliability which was once characteristic of the Postal Service, will not be solved merely by requiring annual appropriations. The better answer, in our opinion, is effective and continuous oversight by the Congress to insure that policies of the Congress, as expressed in law and other ways, are faithfully carried out by the Postal Service.

The conference report includes very specific and stringent requirements to insure that result. Under existing law, the Postal Service is required to prepare an annual report as well as a report to the Congress on its compliance with the public service cost provisions of title 39. Since postal reorganization, those reports have been little more than a picture book and an enumeration of how many small post

offices there are this year compared to last year.

The conference report requires a much broader regular reporting system to the Committees on Post Office and Civil Service and the Committees on Appropriations. The Postal Service is specifically required to submit its budget to the Congress at the same time it submits its budget to the Office of Management and Budget so that we can study it well in advance of the beginning of a new Congress. The new law will also require the Postal Service to submit a comprehensive statement relating to its plans, policies, and procedures for complying with all of the policy provisions of the Postal Reorganization Act.

The Service must prepare a general statement on postal operations and detailed reports on the speed and reliability of service, mail volume, employee productivity, trends in postal operations, and analyses of the probable impact of internal and external factors which may presently or in the future affect the Postal Service. The Postal Service is also required to provide a detailed financial statement. Finally, any other material which the Committee may wish to have in order to be fully and currently consulted and informed must be provided.

That is not all. After the submission of this material, the new law will require the Postal Service to appear before the Committees on Post Office and Civil Service to submit information which the committees consider necessary to evaluate the postal budget and make an independent judgment of postal operations. The law will require the submission of this information so that each committee may determine the validity of the postal budget as well as judge whether the Postal Service is carrying out the law as the Congress has enacted it.

If the committees find that the Postal Service has been remiss or that the estimate of expenditures and requests for appropriations under section 2401 of title 39 or under section 2004 of title 39 in the case of requests for transitional appropriations, the committees may take whatever action it deems appropriate. I think it would be appropriate in such cases for the legislative committee to advise the Appropriations Committee of its views and recommend that the amount appropriated to the Postal Service for public services, revenues foregone, or other amounts authorized by law be adjusted.

This language stops just short of requiring annual authorization of the funds to be appropriated to the Postal Service for public services. The existing law, which authorizes a public service appropriation related to fiscal year 1971 levels and which authorizes revenue foregone appropriations for certain

kinds of second-, third-, and fourth-class mail, is not disturbed, but this new language makes it clear that the Postmaster General must come to the Congress and present a detailed justification to the legislative committee on all aspects of postal operations, and the committee is directed to take such action as it deems appropriate after the Postal Service has presented its case.

I am certain that this system can work. I believe that the principal reasons for the deterioration of the relationship between the Postal Service and the Congress and the public's dissatisfaction with the Postal Service have been a sustained attempt on the part of postal officials to ignore the reality that the Postal Service must respond to the legitimate interests and directions of the Congress, and a fixation upon the goal of complete financial independence from the Congress or the President. The acknowledgment by Postmaster General Bailar that financial independence cannot be achieved in the foreseeable future and that the taxpayer must be asked to contribute more to maintain the postal system the way the people want it, is a major acknowledgement of the reality of the situation and the first significant step toward restoring a partnership with the Congress which should be restored.

The second point is the impact of the authorization for an additional billion dollars upon the budget resolution. Early this year our committee, in compliance with the provisions of the Budget Act, requested that funds be included in the budget to insure that there would be a sufficient amount available for an increase in congressional appropriations to the Postal Service. The House Committee on the Budget rejected that recommendation. The Senate committee accepted the recommendation, but in conference the billion dollars which the Senate approved was not included. Most recently, our Budget Committee has again refused to include the billion dollars, even though at the time of its deliberations both Houses had approved H.R. 8603.

In a letter dated June 18, 1976, the Office of Management and Budget advised the chairman of the Senate Committee on Post Office and Civil Service as follows:

The Administration is prepared to accept legislation and to transmit a request to the Congress from the U.S. Postal Service for the funding of the authorizations provided for under section 2, subject to the passage of a bill which is consistent with our agreement.

The conference report before the House today authorizes the appropriation of \$500 million for fiscal year 1976 and the transitional quarter, and \$500 million for fiscal year 1977. The conference report is "consistent" with the agreement which the OMB letter refers to. It is my understanding that our Committee on

Appropriations is prepared to report legislation to carry out the purpose of this legislation if it is enacted.

Now let me point out where we will be if we do not appropriate this money and make room for it in the pending budget resolution. The operating loss of the Postal Service for fiscal year 1976 and the transitional quarter will be \$1,352,000,000. The estimated loss for fiscal year 1977 will be \$708 million. The Postmaster General will have no alternative but to request a rate increase not later than October 15, 1976, unless this legislation is enacted and the appropriation is forthcoming. That is not a threat, that is simply a fact. The law requires that postal revenues and appropriations equal postal costs. The Postmaster General has sworn to uphold the law and cannot abandon his commitment to do his job by failing to insure that revenues will equal costs if there is any means to do it. If we do not include the money in the budget resolution and appropriate it, we are simply telling the Postmaster General that he may go ahead and increase rates to cover his costs.

The moratorium on the closing of post offices, which is included in this conference report, will be nullified unless the appropriation is made. The financial crisis and the confrontation between the Congress and the Postal Service will not be resolved.

In view of the support which this legislation has now received from the President, the postal workers, mail users, and the Congress, I strongly urge my colleagues to vote yes on the conference report.

There is one additional matter which I would like to clarify. Under the provisions of the House bill and the conference report, publishers and distributors of books are permitted to mail books to schools and libraries at the rate which heretofore has applied only to books mailed between schools and libraries.

This is a special low rate and the loss incurred has been made up out of appropriations authorized under 39 U.S.C. 2401(c). In adopting the new provision we neglected to authorize an appropriation for the loss which may occur because of this change. Until the law can be changed, we on the Post Office and Civil Service Committee believe that it would be a suitable solution for the Postal Service to request the appropriation under 39 U.S.C. 2004.

The amount of money is about \$5 million, which is an inconsequential sum, but which should be paid by appropriations rather than charged to other mail users.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. HENDERSON. I yield to the gentleman from California, a member of the committee.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I am rather disappointed, as can be imagined, with the conference report that has come out.

It is difficult for me to understand how we are going to have greater congressional oversight as a result of the conference than we might have had had the Alexander amendment been made a part of this legislation.

However, since reading some of the provisions, and perhaps they were in the original bill that was in the House, with some changes that were made in conference, I wonder whether there was really a need for a subsidy for the Postal Service. I see one applying to parcel post. It provides that parcel post rates will not be reduced more than 10 percent as a result of any postal subsidies.

Is it the gentleman's understanding that had the conferees not put this provision in the bill, the Postal Service would have used the subsidy to lower parcel post rates so that they could better compete with the private carriers who have taken part of their business from them?

Mr. HENDERSON. Mr. Speaker, if the gentleman will permit me to respond, that provision was contained in the House passed bill. It was the feeling that if there were action to reduce parcel post rates drastically as a result of the additional appropriations that that might not be justifiable. Further, the study commission is a very important segment of the legislation, and that certainly would be one of the specific issues that they would address and report to the President and to the Congress. So that the limitation of the 10 percent was insurance that there not be drastic action in the area of parcel post rates that could be disruptive to the private sector as they attempt to compete with the Postal Service for the delivery of parcel post.

Mr. CHARLES H. WILSON of California. Another observation I have: Could the gentleman tell me how many areas of disagreement you had in the conference between the two bodies?

Mr. HENDERSON. I think the best way I can respond to the gentleman from California is to state that the conferees set aside the major differences that resulted from the Alexander amendments. We very quickly resolved the several other issues in dispute and we then took the major part of the time of the conference on the objectives of the Alexander amendments as contained in the House passed bill.

We believe that the language that has been adopted by the conference does a better job of providing for congressional oversight. If I may be specific, inasmuch as the gentleman questioned that point, we require that the Postal Service, as one example, submit its budget to the Congress and the congressional committees when it is submitted to the

Office of Budget and Management. That is not the law at the present time. This would enable the House legislative committees of the Congress, to begin an earlier study of the requests of the Postal Service that they provide in their budget. There are other requirements here by way of reporting concerning plans for changes in postal services that we believe specifically would be most helpful to give the congressional oversight we had intended by the Alexander amendment.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I have a list of the various differences that was prepared by the staff as to the changes in the bill and it appears there were 22 or 23 differences between the House and the Senate. All I can determine is that the House prevailed in about 5 instances.

I have served on conference committees such as in the Committee on Armed Services, on the military construction bill, where we have done a much better job than that in behalf of the House position.

Mr. HENDERSON. Mr. Speaker, let me say in response to the gentleman from California that I was very impressed with the conferees' actions. We all had long service on our committee, as the gentleman from California has. They were on the committee at the time of the postal reorganization in 1970 and were very familiar with the background and history. But, most importantly in this conference, while the gentleman from California recites the score by numbers, I believe that the House conferees won the major provisions reflecting the House position. While it is true that we may have given in on more of the minor differences to the other body, we think we have been able to preserve the legislation that was earlier acted on by the House.

Mr. CHARLES H. WILSON of California. Mr. Speaker, if I may make one other observation, if the gentleman from North Carolina will yield, concerning the 5 items in which the House prevailed, all of these appear to be special interest sections in the bill. There is the one that prohibits the parcel post rates from being reduced below 10 percent, which was obviously something that was desired by the United Parcel Service.

There are the amendments that Mr. Ford had sponsored in the full committee on behalf of the book publishers, and the second-class mailing privileges, and so forth. These are the only areas in which the House position seems to prevail. I do hope the Senate bill was that good that the gentleman was able to accept it in toto with the exception of these special things to which I have referred, and that we have a bill that is not going to be just a special interest bill but one that is going to give us an opportunity to improve the Postal Service, which I think the gentleman will agree with me must be done. It is not in good shape at the present time.

Mr. HENDERSON. I do agree with the gentleman, and I appreciate the efforts that he has made for this objective. I would be disappointed if he did not concur at this late date that we have made a very fair effort. Rather than take any more time, however, I should like to yield to others because of the limited time we have—the subcommittee chairman, the gentleman from New York (Mr. HANLEY) and the gentleman from Michigan, the sponsor of the amendments the gentleman referred to. Mr. Ford and Mr. HANLEY are well prepared to speak on the amendments and the action of the conferees.

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

(Mr. HENDERSON asked and was given permission to revise and extend his remarks.)

Mr. HENDERSON. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas (Mr. ALEXANDER).

(Mr. ALEXANDER asked and was given permission to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, Americans all across this great land are saying that they are disillusioned with government. A recent poll indicates that as much as 50 percent of the voting population may not go to the polls in November because they feel their vote will not change anything.

Americans are saying that government does not work, that government is not interested in our problems, that government does not serve our needs.

Some of us are trying to change it, to make government work; others have become discouraged and may go fishing on election day.

America is down on bureaucracy and the Washington establishment. And I say it is about time. For years I have struggled with the Washington Postal Establishment and numerous other Federal agencies because I am determined to make government work, so that it will respond to the needs of the people it was created to serve.

The Postal Service for many Americans is their only continual contact with the Federal Government.

Ten years ago Americans could depend upon the mail service. But that reputation is a thing of the past.

Today the Washington Postal Establishment characterizes what is wrong with America.

While doubling its own bureaucracy, the Washington Postal Establishment has cut back the work force and mail service to Americans. The Washington Postal Establishment has demonstrated such gross mismanagement that it has produced a loss of revenues of almost \$8 billion in the 5 years since reorganization, despite increasing postal rates.

What America needs is a government with a bureaucracy that strives to serve the people, instead of a self-serving bureaucracy that helps only itself and a

7 favored few, at the expense of the taxpayers who foot the bills.

Congress itself will have gone fishing if it approves this conference report. It will have gone fishing on the issue of postal reform and will have "passed the buck" to the 95th Congress to solve the serious problems that persist in our Postal Service.

Returning the USPS to congressional control is only a matter of time because the American taxpayer is saying loudly and clearly that he will no longer buy "blank check" bureaucracy.

And when Congressmen and Senators running for reelection this November get this message from home, reform of the postal mess is inevitable.

I believe, as strongly now as I did 5 years ago when I began looking into the failings of our Postal Service, that the proper course of action is to restore accountability of the postal management to the Congress and the people.

Accountability can be attained by:

Requiring an annual or biennial authorization and appropriation for the Postal Service; and

Requiring that the Postmaster General and his Chief Deputy be appointed by the President and confirmed by the Senate.

I still maintain that the primary problems with the Postal Service are not financial. They are managerial. And until this Congress retrieves this quasi-independent body from its isolation and its management from its ivory tower existence, then Congress will continue to submit to writing the Postal Service a blank check year after year, the price of a stamp will continue to increase, USPS will continue to lose millions of dollars daily, and most tragic of all, the service will continue to deteriorate.

I find it rather ironic, Mr. Chairman, that the House is considering the budget resolution and this postal subsidy bill in the same week.

The reason this conference report will pass today is that President Ford has said he will sign the bill and thus join the Congress in passing the buck on postal reform.

While on the one hand, President Ford asks the Congress to balance the budget, he supports another "blank check" for the Postal Service on the other.

If integrity and credibility are issues in the November Presidential election, then I believe the President owes the American people an explanation as to how he can balance the budget and at the same time support blank check bureaucracy.

Mr. Chairman, I urge, in the interest of the American taxpayer, the defeat of this conference report because it will serve to perpetuate "blank check" bureaucracy.

The CHAIRMAN. The gentleman from Illinois (Mr. DERWINSKI) is recognized for 30 minutes.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the conference report before this body represents the last chance we will have this session to respond in a responsible manner to the problems of the U.S. Postal Service. In adopting the conference report on H.R. 8603—Postal Reorganization Act Amendments of 1976—and clearing the legislation for the President's signature, we will be signifying to the Nation's postal patrons, the postal craft unions, and postal management we recognize the need for stability in postal operations in the months ahead.

There is nothing illusory about this legislation. Its objectives are to provide the Postal Service with much needed immediate financial relief, to head off another round of postal rate increases, and to prevent post office closings and further reductions in Postal Service pending a report and recommendations from a special Postal Service Study Commission. It is a realistic approach which already has won the approval of the other body. It is the end product of protracted negotiations involving the ranking majority and minority members of the two Post Office Committees in shaping legislation that would be acceptable to the Office of Management and Budget and the White House. As a testimonial to our efforts, the legislation now pending has the support of the mail-using public, the postal unions, the postmaster general, and even the United Parcel Service.

From a practical standpoint, H.R. 8603 will buy us time for a careful study which will provide the foundation upon which we can build comprehensive postal legislation in the next session of Congress.

To deal with the postal financial problem, conferees agreed to authorize two \$500 million appropriations which will be applied to the accumulated indebtedness of the Postal Service. The legislation authorizes \$500 million for the transition period ending September 30, and \$500 million for fiscal year 1977.

The moratorium on rate increases and service cutbacks will remain in effect through March 15, 1977, the reporting date for the Study Commission. To forestall arbitrary post office closings after the March 15 deadline, the legislation imposes strict procedures which provide for maximum input from concerned segments of the public. If, after the moratorium, the Postal Service proposes to close a post office, the public will be allowed sufficient time for notice and comment and will have the right to appeal any decision on a post office closing to the Postal Rate Commission.

Under the Postal Reorganization Act of 1970, the Postal Service can increase rates on a temporary basis 90 days after filing a rate request with the Postal Rate Commission, and those rates can remain in effect indefinitely since there is no deadline on Commission deliberations. In H.R. 8603, there is a provision which extends the time for the imposition of temporary rate increases from 90 days to 10 months, and other provision which puts a 10-month deadline on Postal Rate Commission deliberations.

The legislation also provides for Senate confirmation of Presidential appointees to the Postal Rate Commission, and retains all of the language contained in the earlier House-approved version of this legislation relating to second-class mailing privileges. It also provides that parcel post rates will not be reduced more than 10 percent as a result of any postal subsidies.

This is forward-looking legislation which proposes realistic solutions to pressing problems in the time frame in which we are operating. We cannot tolerate any more delay while we grope for a solution. The conference report deserves an overwhelming vote of support.

Mr. Speaker, I would like to point out that the gentleman who preceded me in this brief discussion, the gentleman from North Carolina (Mr. HENDERSON), chairman of the committee, and the gentleman from California (Mr. CHARLES H. WILSON), one of the most dynamic Members, and of course the gentleman from Arkansas (Mr. ALEXANDER) are all great statesmen and all extremely knowledgeable and all have done their homework on this legislation. But their difference of opinion merely shows us that even the greatest of minds do differ on a subject regardless of the detail and concentration which they have given it.

Let me present this conference report to the Members in what I consider a necessarily practical fashion.

First of all, the conference report has been approved by the Senate, so the only issue before us is: Shall we or shall we not approve the conference report? I strongly recommend approval.

What have we done in this conference?

First of all, we provided for \$500 million in the transition period and then \$500 million in fiscal year 1977 to be applied against the indebtedness of the Postal Service. For those Members who are economy minded, this is approximately \$800 million less over a 2-year period than the bill that passed the House a little over a year ago.

In order to help the Members in dealing with their constituents in this fascinating time of the year called an election period, we provide for a moratorium, on raising rates until March 15, 1977, so when the Members will go back home

for the next several weeks they will not have to explain why under their leadership and their sponsorship the postal rates have gone up again.

We further provide for a moratorium on cuts in service and a moratorium on the closing of small post offices, so again the Members will not have to explain.

So basically what this bill does is in a very practical but timely and necessary fashion provide the necessary time for a commission to look into these matters, for the committees at the start of the next Congress to look into them. We remove from this immediate period any concern the Members and their constituents have over budgetary problems of the Postal Service, or any possibility of a rate increase, or any possibility of service cuts or any possibility of small post office closings.

In addition, most Members have been contacted and in turn have contacted the gentleman from North Carolina (Mr. HENDERSON), the gentleman from New York (Mr. HANLEY), the gentleman from California (Mr. CHARLES H. WILSON), and myself and other committee members about the views of the U.S. Parcel Service.

The language in this bill as it applies to parcel post is, let us say, in compatibility with the views of the United Parcel Service, so those who have written to the gentleman from North Carolina (Mr. HENDERSON) can thank the gentleman for providing proper language in this report.

The gentleman from New York (Mr. HANLEY) who worked along with the gentleman from California (Mr. WILSON) on this subject will acknowledge the fact that this is compatible with the letters they have received from the United Parcel Service.

Mr. Speaker, the real issue is this. The post office has problems. The answer to the problems of the Postal Service does not include the Congress of the United States suddenly taking sole jurisdiction at this time, which is the proposal the gentleman from Arkansas (Mr. ALEXANDER) would have us follow.

The answers to the problems of the post office are not simple answers. They are going to be solved on soap boxes. They are going to be solved by necessary objective studies at a time when we are not subject to artificial pressures. So the logical position and really the only position one could take at this time is to support this conference report. It is not going to solve all the problems of the Postal Service. It is a stopgap measure, if we wish to call it that, but it is logical, it is sensible, and it will give us the mechanics to address this subject in much more detail and in a much more effective fashion at the start of the next part of Congress.

Mr. Chairman, I urge overwhelming support of the conference report.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Speaker, I cannot help but be disappointed at some of the changes that were wrought in the conference. There is one relatively small matter that I find difficult to understand. When the bill was being debated on the floor, I thought it was the intent of Congress to clarify language as to the nature of postal services. We had indicated that if the Postal Service brought about a change in the major postal services that was nationwide or substantially nationwide in scope, they should first submit in writing that change to the Postal Rate Commission. The Postal Rate Commission should hold hearings so that interested parties could state their case for or against that proposed change and the changes not be implemented until after the Postal Rate Commission had given an advisory opinion in writing to the Postal Service.

Now, this was done to protect people from declining services, that the Postal Service should go through this procedure for increases in rate, but also for a decline in services.

Many Americans have been concerned, and among them my own people that I represent, over the Postal Service's high-handed decisions in some instances to radically alter and cut back services without going through this procedure.

I personally filed suit in the Federal Court, which became a landmark case, to force this the first time they went before the Postal Rate Commission on a services case and that was done and we did win substantially.

I thought by clarifying the intent of Congress and the law we could make clear that we do not want them to cut back services to the people, to their customers, without going through a procedure in which the people can have their day in court and express their concern about this when it is on a nationwide basis.

I know that clarifying language was cut out of the bill in conference. I wonder if the gentleman would explain that to us?

Mr. DERWINSKI. Mr. Speaker, first, may I point out to the gentleman from Alabama, we do have provisions in the bill for the moratorium on the closing of offices and services; but more importantly, we have permanent procedures to apply to the closing of small post offices. That includes a provision whereby any patron may appeal a decision to close a post office to the Postal Rate Commission. That partially meets the point that the gentleman is addressing.

Now, the specific point is covered by the gentleman's amendment. We ran

into a brick wall with the other body. Their conference advised us that they would not accept that amendment. It was one of the two or three things in which we found ourselves deadlocked and it was one of the points in which we had to recede. It was just that the other body was adamant.

Mr. BUCHANAN. Mr. Speaker, if the gentleman will yield further, I commend the gentleman for including language about closing branches, because in my district what was involved, without any notification or any notice to their own advisory board, they were about to close some 27 branches in an urban area and make other radical changes, with no advance warning, with no consultation, with no chance for people to have a hearing on the matter.

I had to go to Federal court to stop it. That certainly ought not to happen over and over again, so I am glad that the gentleman included that language. But, I would hope that this action on the part of the conferees would not infer that this section of the law is meaningless, because we said they had to run these changes in the nature of services by the Postal Rate Commission where they were substantially nationwide. I hope we are not forgetting that is already a part of the law, and imply that they can bring about ridiculous changes in services with no consultation with the Postal Rate Commission.

Mr. DERWINSKI. I think the implication the gentleman draws from this is that the Senate at this time, in this bill, set this limit in application to March 15, 1977. The Senate just would not take the gentleman's amendment. We have advised them in the conference that we come back with a major bill next session, and obviously the gentleman's point will again be included in our bill.

I have no doubt that this will be the committee position that will be sustained on the floor of the House.

Mr. BUCHANAN. I thank the gentleman.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I rise in support of the conference report on H.R. 8603, Postal Reorganization Act Amendments of 1976, although not without some reservations.

Mr. Speaker, I am deeply disappointed that after 2 years of labor, the Congress has conceived a bill that really satisfies no one, yet seemingly possesses one undeniably attractive quality—aside from the not-to-be-overlooked factor that the President will sign this measure—and

that is that H.R. 8603 enables the Congress in the midst of an election year fight to side step the very hard political decisions that must be made if we are to correct the burgeoning problems of the U.S. Postal Service.

Consider the compromise we have wrought: two \$500 million emergency appropriations for each of fiscal years 1976 and 1977 to be applied strictly to USPS debts, authorization of the regular \$920 million annual public service subsidy, a temporary freeze on further service cutbacks and postal rate hikes, and creation of a seven-member blue-ribbon commission to analyze the problems of the Postal Service and then hopefully to arrive at solutions that should, if truth be told, already appear in this legislation. Fortunately, we have moved wisely to preserve vital second-class mailing privileges for college catalogs and looseleaf publications and to apply library rates to books mailed to and from libraries and educational institutions. Equally important, we have assured ourselves and our constituents that no longer will there be indiscriminate closures of post offices.

Over the past 2 years since becoming a member of the Postal Office and Civil Service Committee, I have watched with growing dismay a Postal Service deficit that is predicated to reach \$4.5 billion by the end of fiscal year 1977, undue delays in the ratemaking process—although some of these problems have been administratively rectified—costing the Postal Service thousands of dollars each day in lost revenues, revelation after revelation of incredibly sloppy postal management, and irrational, potentially harmful Postal Service cutbacks.

Mr. Speaker, I was truly hopeful that H.R. 8603 would have attempted to address most, if not all, of these very serious problems.

I am, of course, aware that the President has threatened to veto any postal bill save the compromise now before us. I acknowledge the fact that both postmasters and postal employees, fearing further service cutbacks, and consequently, layoffs, freezes and reassignments, support this legislation. I grant that educators, librarians, professional groups, and trade associations will be pleased by the continuations of special mailing-class privileges, and rightly so. I recognize that Postal Union leaders, because they perceive this bill as not endangering collective-bargaining agreements, feel that they can live with this bill until something more favorable to their cause can be passed. And I allow that most Members want to be rid of this issue in a difficult election year.

But, Mr. Speaker, the day of reckoning cannot indefinitely be postponed. Whether today, March 15, 1977, or later, we must face the hard truth that the problems of the Postal Service will not

fade away, and by temporizing, we can only compound the difficulties of the Postal Service and the Congress. Fiscal accountability, promotion of experienced, seasoned veterans to positions of management, and rational service operations cannot be magically conjured up one day, as much as we would like that to happen. It will only result from the will of Congress imposed on those who run the Postal Service.

Accordingly, I urge my colleagues to support this measure, not only because, in all practicality, this bill is the only one that will fly this year, but also to at least temporarily save the public from the action of the Postal Service, to save the Postal Service from its own follies, and to permit the 95th Congress to address these critical issues 5 months hence from a vantage that is at least hopefully no worse than it is today.

Mr. DERWINSKI. The gentleman's comments are to the point. This Postal Service has imperfections—that is an understatement. This bill is not the perfect, final solution, but it is the necessary vehicle that we must approve at this time.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the very distinguished gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman, and return his generous characterization.

Could the distinguished gentleman tell us why one of the letters circulated to the Members, signed by the conferees, says that the conference report prevents the closing of most post offices until March 15, 1977, whereas the letter the gentleman from Illinois sent around made the unequivocal statement that it stops all closings? Is there some conflict here? If some are to be closed, what post offices and what criteria are to be used?

Mr. DERWINSKI. It is a technical difference. Let me specifically quote. The conference report places a moratorium on closing post offices serving 35 or more families. Post offices serving fewer families, fewer than 35 families, cannot be closed unless 60 percent of the patrons approve. That is the only exception. In other words, any post office serving less than 35 families may be closed if 60 percent of the patrons being served approve that closing.

Of course, the condition attached thereto would be equivalent service to be available from a facility equally comfortable for use of these patrons.

With over 35, 35 or more families served by the post office, there is an absolute moratorium until March 15, 1977.

Mr. BAUMAN. Then this moratorium covers all post offices regardless of whether they actually have been proposed for closing or have been under consideration, or whatever the status may be?

Mr. DERWINSKI. That is right. The

moment we pass this bill and it is signed by the President, that moratorium will be effective.

Mr. BAUMAN. I thank the gentleman for his explanation. This provision offers some temporary comfort to me and the many Members from rural areas where severe curtailment of postal service has been proposed.

Mr. HENDERSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. BURKE).

(Mr. BURKE of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. BURKE of Massachusetts. Mr. Speaker, I would like to address a question to the distinguished chairman of the Committee on Post Office and Civil Service. But before I make my inquiry, I would like to commend the chairman, the gentleman from New York (Mr. HANLEY), the gentleman from Illinois (Mr. DERWINSKI), the gentleman from California (Mr. WILSON) and other members of the conference committee, for the work they have done on this conference report.

My question is in the nature of the personnel problems that are faced at the South Postal Annex in the city of Boston. The area Congressmen up there, including the distinguished majority leader, the gentleman from Massachusetts (Mr. O'NEILL), the gentleman from Massachusetts (Mr. MOAKLEY) and myself have received numerous complaints from the personnel there about the policies that are now in effect. Many of the employees are being faced with transfers up to the western part of the State on very short notice. There are shifts in the hours of those working on the late shift in the evening. The shift in the hours has been changed to the point that when the termination of time is reached, there is no local transportation for them to get home.

I talked with a lady last week who works at the South Postal Annex, and she said if she cannot leave 5 or 10 minutes ahead of time, she is obliged to take a taxicab home and it costs her \$7 to get home at night.

I have talked to other employees who sleep at the South Postal Annex at night because there is no way for them to get back home.

I was wondering if the chairman can inform me what the Post Office Committee has done as a result of the requests from the area Congressmen.

Mr. HENDERSON. Mr. Speaker, I thank the gentleman for his comments in regard to the conference report.

In regard to the specific situation raised affecting the area represented by the gentleman from Massachusetts (Mr. BURKE), the gentleman from Massachu-

setts (Mr. O'NEILL), and the gentleman from Massachusetts (Mr. MOAKLEY), we dispatched our staff personnel to that facility for an investigation, when this problem was brought to our attention by the area Congressmen. They are completing their preliminary investigations. I was informed this morning that they are now prepared to talk with the area Members. It will be the intention of the chairman and the committee to pursue this matter, working with the gentleman and his colleagues in that area and the postal officials, to bring about the best solution that we can to the personnel problems in that area. I believe that it can be done very quickly and very effectively. But certainly the Members of Congress are to be commended for bringing this to our attention.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. BURKE of Massachusetts. I yield to the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. I thank the gentleman for yielding.

In connection with that particular problem, we have held many hearings in my subcommittee on Postal Facilities, Mail, and Labor Management, and we have found many things of this type that are being done wrong and that we disagree with, but we run into this bind that we cannot do anything about them because they are an autonomous organization. Next year we must make an effort to try to get congressional control over the Postal Service. It is the only way we as Congressmen can do anything to straighten out this very serious problem. It is too late this year, but we can hold hearings and bring attention to these problems.

Mr. BURKE of Massachusetts. I want to thank the gentleman.

Mr. Speaker, I think it should be brought to the attention of the post office officials that they are dealing with human beings. I think it is harsh treatment to tell a woman employee that she has to work until a certain hour at night and yet she is unable to get transportation to her home.

There is enough crime on the streets today without subjecting the postal employees to further risks of their lives. Can we imagine letting somebody out of work at night just 10 minutes after the last train has gone or after the last rapid transit has left? It does not seem to me that the post office officials should allow such cold and harsh treatment.

Mr. Speaker, I want to thank the gentleman for sending the investigators up there, and I hope we do bring about a solution of this problem so that they will be more humane in the treatment of their employees.

Mr. HENDERSON. Mr. Speaker, if the gentleman will yield, I am delighted to have had this colloquy with the gentleman from Massachusetts (Mr. BURKE). I appreciate his interest in this conference report and his interest in the personnel problems in this area.

Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. FORD), a very valuable member of the Committee on Post Office and Civil Service and, more especially, of the conference committee that brought us the conference report that is now before us.

(Mr. FORD of Michigan asked and was given permission to revise and extend his remarks.)

Mr. FORD of Michigan. Mr. Speaker, I rise in support of the conference report, and I would like at this time to take the opportunity to add my heartfelt congratulations to the gentleman from New York, JIM HANLEY, who has spent several years trying to get to the point we have now reached on this floor.

The gentleman from New York worked very, very diligently during all of that time. Without that kind of devotion we would be without a bill, and we would be facing perhaps an immediate disaster in the Postal Service, one that would far surpass the worst that anybody has described.

I would also like to say that it has been a very distinct privilege for me to work on this committee with the committee chairman, the gentleman from North Carolina, DAVE HENDERSON, who will be leaving us at the end of this term of Congress, having announced his retirement. He certainly deserves the appreciation of this body and of the members of the committee for the time that he has spent and the effort that he has put into moving this bill to this point. I commend him particularly for the success that he has displayed in recent months in moving an otherwise sluggish other body to recognize the urgency of this legislation.

Mr. Speaker, there are two provisions in this bill which I think should be noted in particular and upon which I would like to engage in a colloquy with the chairman of our committee as to the legislative intent of the conference report.

The first provision is section 11 of the conference report, which declares that, as a matter of law, college catalogs, post-bar admission mail announcements, and looseleaf reporting service publications relating to law or public policy, are entitled to be entered as second-class mail matter if they meet the entry conditions prescribed in former section 4354 through 4357 of title 39, as that law existed immediately prior to the Postal Reorganization Act.

In recent years, relying on language

in a Supreme Court decision issued in 1904, officials in the Postal Service have undertaken a fairly active campaign to revoke the permits of second-class publications on the grounds that they do not meet this particular definition of what is a "periodical publication." College catalogs, looseleaf publications and post-bar admission educational materials are among those who have lost, or are in the process of losing, their second-class permits. Section 11 of H.R. 8603 requires that such publications be entered at second-class rates. It will be merely a ministerial duty for the Postal Service to reissue these permits as soon as this legislation is signed into law in the case of publications which have already had their permits revoked.

I would like, however, for it to be made clear, and I would like for the chairman of our committee, who was the chairman of the conference committee, to make it clear, that in singling out these three types of publications for legislative protection, there be no misunderstanding by the Postmaster General or his subordinates, that our committee or the conference committee were, by not including any other publications, implying approval of the Postal Service's actions in revoking other second-class permits. The three classes of publications which we have included in this legislation are three types which have come to our attention. They were threatened with losing their publication status at the Postal Service and they came to Congress to seek relief. Relief has been granted. No other implication should be drawn.

Mr. HENDERSON. Mr. Speaker, if the gentleman will yield, I concur totally with his interpretation, and I commend the gentleman for permitting us to have this legislative history. It does reflect the intent of the conferees that any other interpretation would be absolutely wrong.

Mr. FORD of Michigan. Mr. Speaker, I thank the chairman of the committee.

Mr. Speaker, I think it might be appropriate if the new Commission on Postal Service give attention to this problem because there are undoubtedly other second-class publications whose very existence is threatened by such administrative action. The Postal Service may be behaving responsibly, fairly, and with even-handed justice; but for a Federal agency today to apply a 72-year-old rule of questionable applicability to the definition of what is a periodical publication in this computer age at the very least raises questions which should be examined more carefully by the Congress. Recommendations on this issue by the Commission on Postal Service might prove helpful before any further action is taken.

The second provision I wish to mention is section 10 of the conference report, which establishes a new criterion

for setting postal rates. Existing law does not require the Postal Rate Commission to consider the subjective values of the various kinds of mail in recommending postal rates. The law is designed to accomplish that in mail classification proceedings, but those proceedings have progressed so very slowly that postal rates may go through the roof before the Postal Rate Commission ever gets around to deciding that a book, a magazine, or a newspaper has more intrinsic value to the public than a brick. They may all have the same shape, size, and weight, but they are not all the "same." The conference report includes a new criterion which requires that the Postal Rate Commission take into account the "educational, cultural, scientific, and informational value" of mail matter in fixing postal rates.

Heretofore, the Postal Rate Commission has seemed to concentrate on cost factors almost exclusively. The U.S. Court of Appeals for the District of Columbia Circuit once expressed the view, in a lengthy concurring opinion which had nothing to do with the issue in the case, that the cost factors in section 3622(b)(3), and the attribution of cost to the maximum extent possible, were of overriding importance in fixing postal rates. There has been a great deal of discussion on that issue.

It is not my purpose today to attempt to insinuate in the columns of the CONGRESSIONAL RECORD any legislative support for a particular view beyond this specific and unmistakable point: Congress has now enacted legislation to require that the educational, cultural, scientific, and informational value of mail matter must be considered in fixing postal rates.

Mr. DERWINSKI. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. JOHNSON).

Mr. JOHNSON of Pennsylvania. Mr. Speaker, I would like verification from the gentleman from Illinois (Mr. DERWINSKI) that the conference report includes the special library rate for books mailed to and from libraries and educational institutions.

Mr. DERWINSKI. Yes, Mr. Speaker, if the gentleman will yield, that is the amendment that the gentleman offered and which was adopted in the original Hanley bill. That was included in the conference report, yes.

Mr. JOHNSON of Pennsylvania. Mr. Speaker, I want to thank the gentleman very much.

Mr. HENDERSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. HENDERSON. I yield briefly to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Speaker, I want to ask this question: We have read that

there is a general agreement that the Postal Service will not be curtailed. While that agreement is supposed to be enforced, we found sometimes that they did not even deliver the mail. It is reported that they are in the process of changing regional offices and doing other things, and that is typical of the way they have treated the average Member of Congress since this law was changed. Of course, I voted against the change, and have and do have a bill pending to return to the former law.

I am just wondering whether we can count on this committee to ride herd and see that they leave things alone and do not give us lipservice and do things that certainly my friends on the committee have not been aware of, nor have my friends on the Committee on Appropriations been aware of. Therefore, I am just wondering how far this commitment with the Postal Service goes because we are just about to lose the mail service; there is no question about it.

Mr. HENDERSON. Mr. Speaker, to answer the gentleman's question, we have provisions clearly in the language in the conference report against the closing of offices or reduction in service. More importantly, the study commission provided for here will report early to the Congress on these matters. Certainly I can assure the gentleman that any service curtailment between now and the time that the moratorium expires will be properly investigated by our committee.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield further?

Mr. HENDERSON. Mr. Speaker, I wonder whether the gentleman from Illinois (Mr. DERWINSKI) might yield to the gentleman from Mississippi (Mr. WHITTEN).

Mr. DERWINSKI. Yes, Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Speaker, I do not know any group for which I have a higher regard than I have for members of this committee; but I do think that the committee members to whom I have talked are unaware of many things that are actually going on at the local level.

Perhaps it is true that they have not let anybody go, but in my section they have changed the location of jobs so

that people have had to retire because in order to keep the jobs, they would have had to go 100 miles away.

My home town has a postmaster from 30 miles away. He is a fine fellow and my friend. In turn they moved the assistant from my town to his. The office employees are from another direction, so that everybody is being dragged all over the place. The purpose seems to be to get them to quit so that they can name somebody who suits them.

Under this agreement, are they going to leave conditions alone and quit this

practice of moving people all around, particularly regional offices? They are getting ready to move people in my State to the adjoining State, so I am advised under the guise of changing regional offices.

Mr. DERWINSKI. If the gentleman will yield, the gentleman is correct that one of the administrative decisions of the Postal Service which ought to be reviewed is this new tendency to totally disregard residential factors when appointing a postmaster.

This was done supposedly to give management greater flexibility in the proper use of personnel. However, it has had an adverse effect in weakening the traditional relationship of the postmaster to his home community.

I think that is the point the gentleman is making.

Mr. WHITTEN. No; the point is a little different from that. If they disregard it, that might be all right. However, they are not doing that. Instead, they are deliberately doing the things that I have been talking about. They move people from here to there and from there to here. This upsets their living conditions. They make a man sell his house and buy a new house or travel many miles daily, and many of them are retiring, which seems to be the Postal Service's purpose so that they can name new people whom they want to name.

The point I am making is that as we have gone along here, we could, in my opinion, have changed this practice a long time ago.

Are we getting a commitment to leave things alone or are they going to do the same things during these months except where it is specifically set out in the language of the report? The language, by the way, does not go nearly so far as what I am talking about, as I read it.

Mr. DERWINSKI. The organization representing postmasters has protested what they consider abuses and have negotiated, on behalf of individual postmasters, with the postal officials.

Mr. WHITTEN. A Member of Congress cannot even meet with these people.

Mr. DERWINSKI. Right.

Mr. WHITTEN. Has that been changed under the agreement?

Mr. DERWINSKI. As the gentleman will recall, under the postal reform law, we are prohibited from anything which is considered political involvement in personnel matters.

Mr. WHITTEN. That was the way it was sold, but what we have done is that we have taken service away from the people.

Nobody wants the job of naming postmasters, but as long as an elected official has the responsibility, he is going to try to serve the public. When we take away service to the public insisted upon

by the elected official, the public is bound to be up in arms.

Mr. HENDERSON. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from North Carolina.

Mr. HENDERSON. Mr. Speaker, I thank the gentleman for yielding. I wanted to respond as briefly and as effectively as I could to the gentleman from Mississippi (Mr. WHITTEN).

Mr. Speaker, it was absolutely impossible to get into all of the matters that the gentleman from Mississippi has mentioned in this legislation.

Mr. Speaker, we have before us a conference report that we think reflects the best product we can work out at this time. Let me add that the things that the gentleman from Mississippi (Mr. WHITTEN) has brought to the attention of the Members today will definitely have the attention of the committee in the next Congress and as far as possible in the interim we will do the best we can to continue our congressional oversight. But the conference report that we have before us goes a long way toward resolving many of the problems that have given concern to many Members of the Congress. That was our immediate objective in the conference and is reflected in the report we bring to the House today.

Mr. WAGGONNER. Mr. Speaker, will the gentleman from Illinois yield?

Mr. DERWINSKI. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Mr. Speaker, I thank the gentleman for yielding to me and I requested the time so as to pursue for just a moment further the concern expressed by the gentleman from Mississippi (Mr. WHITTEN). During the time he was talking I had just picked up a letter while sorting through my mail and also listening to the debate, and that letter deals with exactly that same subject.

I appreciate the remarks of the gentleman from North Carolina (Mr. HENDERSON) and I know that that gentleman fully intends that the thoughts he has expressed will be continued in the next Congress. However, just to elaborate a little further, here is a specific case much in the nature of that which the gentleman from Mississippi (Mr. WHITTEN), was discussing. This is a letter addressed to me by a postal employee and it says:

I work for the Postal Service and in June they excessed me from Spring Hill and transferred me to Shreveport. They said they were doing away with the TC route then. Since I was transferred they did not do away with the route but are running it with substitutes.

I would like for you people in Congress to know how our Postal Service is being run. I was driving about 12 miles to work, now I have to drive about 60 miles.

That is the type of thing that the gentleman from Mississippi (Mr. WHITTEN) was referring to.

Mr. DERWINSKI. Mr. Speaker, in reply to the gentleman from Louisiana, let me say to the gentleman to please remember that the Postal Service does have major personnel problems. I will be the first one to acknowledge that they have made some major mistakes in their personnel relations and in the handling of their personnel. But this vehicle before us the Members must remember, is a stopgap measure so as to get us through until next March, and if there are certain major problems such as the very points the gentleman from Mississippi (Mr. WHITTEN) and the gentleman from Louisiana (Mr. WAGGONER) have mentioned, those problems will be major items of review under the chairmanship of the gentleman from New York (Mr. HANLEY), and the gentleman from California (Mr. CHARLES H. WILSON) during the next Congress.

Mr. WHITTEN. Mr. Speaker, if the gentleman will yield further, I appreciate what our friends here are doing, they are doing the best they can. What I am trying to do is find out what did the Postal Service promise? The Postal Service can destroy the last remnants of public service between now and the time that Congress can take this up next year. I hope they will at least leave what service we have left.

The point I want to know, are they going to continue these disruptive practices in the interim? If they are, we will not have anything left when the committee gets to it.

Mr. CHARLES H. WILSON of California. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield 3 minutes to the very distinguished gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Speaker, I do not believe that I will need that much time, I would say to the gentleman from Illinois (Mr. DERWINSKI) and I appreciate the gentleman yielding to me. I would like to state that there is an obligation here on behalf of the employee unions, the postal unions, to look into matters of this type, as well as criticizing the Postal Service. They are the ones who are supposed to be representing the employees. If they have problems of this type, they should straighten those things out. The union has the responsibility.

The Postal Service has been making some very drastic and sad mistakes, I think I would agree with the gentleman from Illinois on that. They are trying to get rid of as many of their postal employees as they can, trying to discourage them from staying on as career people. They are deliberately doing this so they can hire casual employees. They feel it is less expensive because of the benefits in-

volved with their full time employees. There are some very serious matters involved which again I say is responsible for my feeling that the Congress has to have a greater say in the work of the Postal Service.

Mr. HUNGATE. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Missouri.

Mr. HUNGATE. I thank the gentleman for yielding.

I commend the committee certainly on the improvement in the area of our Postal Service problems. I did want to say that the gentleman from Mississippi and the gentleman who followed him from Louisiana have eloquently described the situation that does exist, that is, the problem with the Postal Service in my district. I commend them, and I urge the committee to keep that under study.

Mr. DERWINSKI. I would also urge the committee not to let illegitimate complaints interfere with its support of the conference report.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HENDERSON. Mr. Speaker, I yield the remaining 5 minutes to the Chairman of the Postal Service Subcommittee, the gentleman from New York (Mr. HANLEY).

(Mr. HANLEY asked and was given permission to revise and extend his remarks.)

Mr. HANLEY. Mr. Speaker, on Monday, August 30, a House-Senate conference approved the final version of H.R. 8603, the Postal Reorganization Act of 1976. The next day the Senate approved the conference report.

We are all aware that the Postal Service is on the verge of bankruptcy. Its financial pinch has been transmitted to our constituents in the form of declining postal service.

Since last October, much has transpired which makes immediate action almost imperative. We have had another unpopular rate increase, rules governing the closing of small post offices have been liberalized, placing literally thousands of small post offices under the gun. The Postal Service's financial condition has worsened to the extent that draconian service cuts are being contemplated.

Postal Service officials tell us that they must implement these cuts if they are to break-even financially by 1984 as stipulated in the Postal Reorganization Act of 1970.

It was obvious that the time had come for Congress to examine the 1970 Act in order to determine what legislative changes should be instituted to assist not only the Postal Service, but to assist the American people as well.

We have had debates on this bill that I believe reflected the extreme frustration of this House with the policies of the Postal Service; a frustration which I

wholeheartedly share. It indicated to me that the House was insisting that it have a greater voice in establishing postal policy, a goal which I share.

In conference consideration was given to the strong sentiments of some of the Members on the matter of additional funding for the Postal Service, and on the degree of congressional oversight.

It also authorizes \$1 billion in two increments of \$500 million each to be applied against the accumulated debt.

It sets up a seven-member commission to examine the postal system and report its findings by March 15, 1977, to the President and the Congress.

But most important, from the point of view of our constituents, it provides for a moratorium on postal rate increases, service cuts, and post office closings until March 15, 1977.

It provides rigorous procedures allowing maximum public input before any post office can be closed after the moratorium period is over.

As you well know, our constituents are demanding postal reform now. I believe that H.R. 8603 is in step with the will of all Americans, and the will of the House, that Congress become more intimately involved in the development of postal policy. This bill lays the groundwork for greater and more fruitful congressional involvement in the future.

This bill must reach the President for signature as soon as possible. It is imperative that postal reform legislation be acted upon by this Congress.

I urge you to support the conference report on H.R. 8603.

The following is a comparison of the House version of H.R. 8603 and what was agreed to in the conference on August 30, 1976.

The House version required that all postal revenues be deposited in the general fund of the Treasury and that Congress annually appropriate all of the Postal Service funds. All operating expenses would have been appropriated annually, with all postal revenues going to the Treasury. No specific provision for a subsidy was provided for in the House version, thought the authorization was permanent and open ended.

The conferees approved a provision requiring the Postal Service to submit budget and other material to Congress annually. It requires Postal Service officials to testify before House and Senate Post Office Committees by March 15 of each year.

It also authorizes \$500 million for the transition period ending September 30 and \$500 million for fiscal year 1977 to be applied against the Postal Service's accumulated operation indebtedness.

The House-passed bill required the Postal Service to provide door or curbside delivery to residential addresses under conditions essentially determined by

local authorities. The conferees adopted language requiring the Postal Service to provide door or curbside delivery and prohibits installation of cluster-boxes delivery in new areas from the day the first \$500 million appropriation is made until March 15, 1977.

This compromise is a responsible one which puts a temporary halt to the seemingly constant rate increases and declining service. The House bill did not include language regarding a moratorium on rate increases and service cuts. In the conference report there is a moratorium on rate increases, service cuts, and post office closing that would run from the day the first \$500 million appropriation is made until March 15, 1977.

The House bill provided that parcel post rates will not be reduced more than 10 percent as a result of any postal subsidies. This was accepted by the Senate in conference.

The House bill defined service changes as "any change or alteration in type, quality, terms or conditions of providing for the receipt, transmission or delivery

of mail matter of any type." All Postal Service decisions to initiate a service change will be appealed to the Postal Rate Commission. This was deleted by the conference.

The conference accepted the House section addition "educational, cultural and scientific and informational value to criteria for setting rates." The House version preserving second-class mailing privileges for college catalogs and certain looseleaf publications was accepted by the conference.

The conference adopted the House provisions relating to publications of State fish and wildlife agencies and relating to the definition of an agricultural nonprofit association or organization.

The conference also accepted the House bill that contained a provision making the rates applicable for books mailed between schools and libraries applicable to the rates for books when mailed by a publisher or distributor to schools and libraries.

After the moratorium period, the bill establishes specific procedures for closing post offices, giving the public sufficient time and notice for comment. Any patron may appeal a decision to close a post office to the Postal Rate Commission.

The House bill established the Commission on Postal Service, lasting 2 years, consisting of five members to study specific areas, particularly the public service aspects of the Postal Service, and the method of establishing postal rates.

The conferees adopted language establishing a seven-member commission: three appointed by the Senate, and two each by the President pro tempore of the Senate and the Speaker of the House.

The Commission has general responsibility to study postal problems and is required to study and issue recommendations on several specific areas of interest, including public service aspects of the Postal Service.

The Commission will be appointed within 15 days after the enactment of the bill. The Commission must report its findings by March 15, 1977.

The House bill contained a provision which required that the Postmaster General and the Deputy Postmaster General must be confirmed by the Senate. It was decided in conference, instead, that the Commission would issue recommendations on the feasibility and desirability of alternate means of appointment.

The House bill required that the Postal Rate Commission would be subject to Senate confirmation. This was accepted in conference.

The House version requires that the Postal Rate Commission be subject to a 10-month period for consideration of rates and classification cases. The conference accepted a 10-month waiting period for rate increases but retained the 90-day waiting period for classification cases.

The House version removed the proceedings of the Postal Rate Commission from the Administration Procedure Act. In conference it was decided that the existing law would not be changed.

Mr. ADAMS. Mr. Speaker, the conference report on H.R. 8603 is substantially different from the bill passed by the House several months ago. This conference report provides for authorization for two back-to-back appropriations or \$500 million each for additional Federal subsidies to the U.S. Postal Service.

As Members know, Mr. Speaker, the Budget Committee does not ordinarily comment on authorization bills, since they do not in themselves provide budget authority. However, the situation with respect to authorizations for appropriations for postal subsidies is different. Typically, the Appropriations Committees have considered authorization action by the Congress to be a principle expression of the will of Congress on the subsidy question. Therefore, although this legislation is not an entitlement, nor does it provide budget authority, it must be viewed in the nature of a very powerful advance commitment.

The first budget resolution for fiscal year 1977 did not provide additional funds for postal subsidies over and above those which had heretofore been authorized under existing law. The second budget resolution which we adopted yesterday likewise made no provision for additional postal subsidies.

If I understand the intentions of the proponents of this legislation, it is expected that the President will transmit a supplemental appropriation request at the same time he signs this bill. I under-

stand that a request for \$500 million will be made for the Transition Quarter and a further request for \$500 million for fiscal year 1977.

Based upon the most recent analysis of actions by Congress on transition quarter amounts, sufficient funds remain within the ceilings to accommodate an appropriation of \$500 million prior to October 1.

However, the situation with respect to funds for fiscal year 1977 is uncertain. The second budget resolution passed by the House yesterday did not make provision for an additional \$500 million appropriation; the Senate resolution, also passed yesterday, is understood to include these funds. I cannot, of course, predict what the outcome of the conference may be.

It seems clear, Mr. Speaker, that enactment of additional postal subsidies for fiscal year 1977 may require that an equal amount of funds be withheld from some other program or the deficit be raised because the second budget resolution is very tight. The third alternative is to have this force a third budget resolution. This disclosure puts the public on notice of the problems involved in this.

Mr. AuCOIN. Mr. Speaker, this legislation calls for a moratorium on lowering the levels or types of services offered as of July 1, 1976. Whether or not a Postal Service action constitutes a lowering of the level or type of service is not always clear. Before passing this legislation, we need to clarify what kind of evidence Congress intends to accept as proof that a change in the function of a post office does not represent a lowering of the level of service. I say this because it is too easy for the Postal Service to make changes by simply claiming that service will improve or costs will be cut. In my district, for example, the Postal Service district manager proposes to transfer the mail distribution function out of the Beaverton Post Office. He claims that—

The net result will be a reduction in total operating costs while the level of service to the Beaverton and Portland communities will not be affected adversely in any way.

I have asked him to show me the figures which he used to determine that a reduction in total operating costs will be achieved, but I have received no reply. I am not convinced that the transfer will not result in a lowering of the level of service to the community. If the transfer takes place, fewer clerks will be available to serve customers at the windows, where 20-minute lines are not uncommon now, according to the Beaverton postmaster. Although first- and third-class letter mail can be processed faster by machine, I have seen no evidence that a comparison study of error rates has even been done. I am concerned about the effect on delivery of flats and packages which cannot be machine processed.

If the Postal Service can prove that the proposed transfer will reduce operating costs without adversely affecting service, I will support it. But Congress should not merely accept promises while being denied access to the figures and methodology to back them up.

Mr. HENDERSON. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CHARLES H. WILSON of California. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 276, nays 33, answered "present" 1, not voting 120, as follows:

[Roll No. 710]
YEAS—276

Allen	Brown, Calif.	Daniel, Dan.
Ambro	Brown, Mich.	Daniel, R. W.
Anderson, Ill.	Brown, Ohio	Daniels, N.J.
Andrews, N.C.	Broyhill	Danielson
Archer	Burke, Fla.	Davis
Ashley	Burke, Mass.	Delaney
Bafalis	Burton, John	Dellums
Baldus	Butler	Dent
Baucus	Byron	Derwinski
Bauman	Carr	Dickinson
Beard, Tenn.	Carter	Dingell
Bedell	Cederberg	Dodd
Bennett	Chappell	Downey, N.Y.
Bevill	Clay	Downing, Va.
Bingham	Cleveland	Drinan
Blanchard	Cochran	Duncan, Oreg.
Blouin	Cohen	Duncan, Tenn.
Boggs	Collins, Ill.	Eckhardt
Boland	Conte	Edgar
Bolling	Conyers	Eilberg
Bowen	Cornell	Emery
Breaux	Cotter	Erlenborn
Breckinridge	Coughlin	Evans, Ind.
Brinkley	D'Amours	Evins, Tenn.

Fascell	Latta	Reuss
Fenwick	Leggett	Riegle
Fish	Lehman	Rinaldo
Fisher	Lent	Risenhoover
Fithian	Levitas	Roberts
Flood	Lloyd, Calif.	Robinson
Florio	Lloyd, Tenn.	Rodino
Flowers	Long, La.	Roe
Flynt	Long, Md.	Rogers
Foley	Lott	Rooney
Ford, Mich.	Lundine	Rosenthal
Forsythe	McClary	Rostenkowski
Fountain	McCormack	Roush
Fraser	McDade	Roybal
Frenzel	McEwen	Santini
Frey	McFall	Sarasin
Gaydos	McHugh	Sarbanes
Gialmo	McKay	Scheuer
Gibbons	McKinney	Schneebell
Gilman	Madden	Schroeder
Goldwater	Madigan	Seiberling
Goodling	Maguire	Sharp
Grassley	Mahon	Shipley
Gudde	Martin	Shriver
Guyer	Mathis	Shuster
Hagedorn	Meeds	Simon
Haley	Miller, Calif.	Slack

Hall, Ill.	Miller, Ohio	Smith, Iowa
Hamilton	Mills	Smith, Nebr.
Hanley	Mineta	Solarz
Hannaford	Minish	Spellman
Harkin	Mitchell, Md.	Spence
Harris	Mockley	Staggers
Harsha	Moffett	Stanton
Hawkins	Montgomery	J. William
Hayes, Ind.	Moore	Stark
Hechler, W. Va.	Moorhead,	Steiger, Wis.
Heckler, Mass.	Calif.	Stokes
Hefner	Moorhead, Pa.	Stratton
Henderson	Mosher	Stuckey
Hicks	Moss	Studds
Hightower	Murtha	Sullivan
Hillis	Myers, Ind.	Symington
Holt	Myers, Pa.	Talcott
Holtzman	Natcher	Taylor, N.C.
Howard	Neal	Teague
Hubbard	Nedzi	Thompson
Hughes	Nix	Thone
Hungate	Nolan	Thornton
Hutchinson	Nwak	Traxler
Hyde	Obestar	Treen
Jacobs	Obey	Tsongas
Jeffords	O'Brien	Udall
Jenrette	O'Hara	Ullman
Johnson, Calif.	Passman	Vander Jagt
Johnson, Pa.	Patten, N.J.	Vanik
Jones, Ala.	Patterson,	Wampler
Jones, Okla.	Calif.	Whalen
Jones, Tenn.	Pattison, N.Y.	White
Jordan	Pepper	Whitehurst
Kastenmeier	Perkins	Winn
Kemp	Pettis	Wirth
Keys	Pickle	Wolff
Koch	Pike	Wylie
Krebs	Preyer	Yates
Krueger	Price	Yatron
LaFalce	Fritchard	Young, Fla.
Lagomarsino	Quillen	Young, Tex.
Landrum	Regula	Zablocki

NAYS—33

Adams	Devine	Mottl
Alexander	Findley	Otinger
Anderson,	Ginn	Poage
Calif.	Gradison	Satterfield
Armstrong	Hall, Tex.	Schulze
Ashbrook	Hébert	Skubitz
Broomfield	Ichord	Taylor, Mo.
Buchanan	Jarman	Waggoner
Burleson, Tex.	Kasten	Whitten
Burlison, Mo.	Kazen	Wilson, C. H.
Collins, Tex.	Kindness	
de la Garza	McDonald	

ANSWERED "PRESENT"—1
Gonzalez

NOT VOTING—120

Abdnor	Brooks	Early
Abzug	Burgener	Edwards, Ala.
Addabbo	Burke, Calif.	Edwards, Calif.
Andrews,	Burton, Phillip	English
N. Dak.	Carney	Esch
Annunzio	Chisholm	Eshleman
Aspin	Clancy	Evans, Colo.
AuCoin	Clausen	Fary
Badillo	Don H.	Ford, Tenn.
Beard, R.I.	Clawson, Del	Fuqua
Bell	Conable	Green
Bergland	Conlan	Hammer-
Biaggi	Corman	schmidt
Biester	Crane	Hansen
Bonker	Derrick	Harrington
Brademas	Diggs	Heinz
Brodhead	du Pont	Helstoski

Hinshaw	Morgan	Sisk
Holland	Murphy, Ill.	Snyder
Horton	Murphy, N.Y.	Stanton
Howe	Nichols	James V.
Johnson, Colo.	O'Neill	Steed
Jones, N.C.	Paul	Steelman
Karth	Peyser	Steiger, Ariz.
Kelly	Pressler	Stephens
Ketchum	Quie	Symms
Lujan	Railsback	Van Deerin
McCloskey	Randall	Vander Veen
McCollister	Rangel	Vigorito
Mann	Rees	Walsh
Matsunaga	Rhodes	Waxman

Mazzoli	Richmond	Weaver
Melcher	Roncalio	Wiggins
Metcalfe	Rose	Wilson, Bob
Meyner	Rousselot	Wilson, Tex.
Mezvinisky	Runnels	Wright
Michel	Ruppe	Wyder
Mikva	Russo	Young, Alaska
Millford	Ryan	Young, Ga.
Mink	St Germain	Zeferetti
Mitchell, N.Y.	Sebelius	
Mollohan	Sikes	

The Clerk announced the following pairs:

On this vote:

Mr. du Pont for, with Mr. Clancy against.

Mr. Heinz for, with Mr. Del Clawson against.

Mr. Horton for, with Mr. Hansen against.

Mr. Kelly for, with Mr. Paul against.

Mr. Railsback for, with Mr. Rousselot against.

Mr. Walsh for, with Mr. Symms against.

Mr. Wyder for, with Mr. Snyder against.

Until further notice:

Mr. Annunzio with Mr. Abdnor.

Mr. O'Neill with Mr. Hammerschmidt.

Mr. Brademas with Mr. Bell.

Mr. St Germain with Mr. Lujan.

Mr. Fary with Mr. Mitchell of New York.

Mr. Addabbo with Mr. Andrews of North Dakota.

Mr. Corman with Mr. Edwards of Alabama.

Mr. Zeferetti with Mr. Sebelius.

Mrs. Chisholm with Mr. Biester.

Mr. Phillip Burton with Mr. McCloskey.

Mr. Murphy of New York with Mr. Crane.

Mr. Fuqua with Mr. Michel.

Mr. Bonker with Mr. Aspin.

Mr. Blaggi with Mr. Peyser.

Mr. Vander Veen with Mr. Ruppe.

Mr. AuCoin with Mr. Bergland.

Mr. Helstoski with Mr. Esch.

Ms. Abzug with Mr. Steelman.

Mrs. Meyner with Mr. Don H. Clausen

Mr. Mikva with Mr. Pressler.

Mr. Nichols with Mr. Wiggins.

Mr. Rose with Mr. Young of Alaska.

Mr. Sikes with Mr. Karth.

Mr. Badillo with Mr. Steiger of Arizona.

Mr. Beard of Rhode Island with Mr. Conlan.

Mr. Rangel with Mr. McCollister.

Mr. Edwards of California with Mr. Quile.

Mr. Howe with Mr. Conable.

Mr. Murphy of Illinois with Mr. Bob Wilson.

Mr. Morgan with Mrs. Burke of California.

Mr. Matsunaga with Mr. Eshleman.

Mrs. Mink with Mr. Brodhead.

Mr. Harrington with Mr. Burgener.

Mr. Metcalfe with Mr. Young of Georgia.

Mr. Jones of North Carolina with Mr. Brooks.

Mr. Ford of Tennessee with Mr. Diggs.

Mr. Carney with Mr. English.

Mr. Derrick with Mr. Holland.

Mr. Early with Mr. Mazzoli.

Mr. Evans of Colorado with Mr. Melcher.

Mr. Green with Mr. Milford.

Mr. Mann with Mr. Randall.

Mr. Mollohan with Mr. Rees.

Mr. Richmond with Mr. Runnels.

Mr. Roncalio with Mr. Ryan.

Mr. Weaver with Mr. Charles Wilson of Texas.

Mr. Waxman with Mr. Sisk.

Mr. Wright with Mr. Stephens.

Mr. Vigorito with Mr. Steed.

Mr. Van Deerlin with Mr. James V. Stanton.

Mr. KAZEN changed his vote from "yea" to "nay."

Mr. HOWARD changed his vote from "present" to "yea."

Mr. GONZALEZ changed his vote from "yea" to "present."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.



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